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ABSTRACT

This packet contains both a teacher's guide and a student activity book designed to help adult students acquire consumer information. Both booklets cover the following topics: bank accounts (checking accounts, savings accounts, other banking services), budgeting money, undersanding and using credit, comparative shopping, fraudulent persuasion, and consumer complaints. The teacher's guide contains content information and a step-by-step guide to each lesson. It also contains a glossary, a bibliography of consumer economics materials, a consumer economics materials grid, and a list of related sources and projects. The student activity book includes information sheets, vocabulary exercises based on the content of the lessons, and activity sheets. A glossary and answer key to the exercises are included. (KC)

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Consumer Economics Teacher Guidebook

and Student Activity Book



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WARREN CITY SCHOOLS
WARREN, OHIO

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Project REAL: Relevant Education for Adult Learners

Consumer Economics Teacher Guidebook

ADULT BASIC EDUCATION

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INTRODUCTION

Project REAL-Relevant Education for Adult Learners - is the outgrowth of a concern expressed by the Adult Basic Education staff of Warren, Ohio, regarding a need for competency-based materials to assist adults in developing skills for everyday living.

Through a grant by the State of Ohio from the Adult Education Act, Section 309c, a demonstration project was funded for the purpose of developing instructional materials to help disadvantaged adults function independently and cope with the needs of our society.

One major objective was to ascertain the priorities for development through a needs assessment of our local community. A local advisory committee was organized, composed of members of industry, community agencies and ABE staff and students. Based upon the input of this committee, and the recommendations of Northeast Ohio ABE Coordinators from Canton, Cleveland, Elyria, and Euclid, a project team composed of teachers and aides developed this teacher directed step-by-step guidebook to be used with adults functioning at all levels from non-reader through grade twelve. We encourage local teachers to adapt the materials and ideas contained within this guidebook to help adults develop competencies in the area of Consumer Economics.

S. Keith Edgar

ACKNOWLEDGEMENTS

This publication results from the combined efforts of the Project REAL Team with continuous input provided by the Community Advisory Committee along with the assistance of various cooperating departments of the Warren City Schools, particularly William E. Brobst, Director of Assistance Programs, and his staff. In addition, James W. Miller, Assistant Director, and George Y. Travis, Educational Consultant of the Division of Federal Assistance, Department of Education under the direction of Raymond A. Horn, were of continuing and valuable assistance in the development of this project and its related products.

Scott C. Lehman

CONSUMER ECONOMICS TEACHER GUIDEBOOK

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*Banking
Services*



BANKING SERVICES

The bank is an essential institution in any community, and can be of paramount service to the typical ABE student.

Money management is a real concern to anyone, and an individual without the necessary basic knowledge of banking services is at a real disadvantage in today's society. Although some banks differ slightly on minor points, for the most part they operate on the same principles. The ABE teachers would be wise to become familiar with the various banking services in their local community, and encourage the students to do likewise.

This unit is divided into three parts: checking accounts, savings accounts, and other banking services.

I CHECKING ACCOUNTS

Step 1 - WHAT IS A CHECKING ACCOUNT:

An increasingly high percentage of the money exchanges taking place today are through the use and convenience of checks. While some of the ABE enrollees already have and use checking accounts, there are always those who don't. Because of this, the ABE teacher or aide must be prepared to help those who express a concern about their money problems.

The first step then is explaining that a checking account is a business relationship with the bank whereby individuals are able to write checks which are drawn against their deposits. The advantages of having this relationship are explained in the remaining steps.

Step 2 - REASONS FOR HAVING A CHECKING ACCOUNT:

1. The checkbook method of handling money is safer than keeping it around the house in envelopes.
2. If the checkbook is lost, the students have not lost any money; however, they should always be sure to notify the bank immediately.
3. Checks are safer than cash.
4. Only the person to whom the check is written can cash it.
5. If someone forges the signature, the bank stands the loss.
6. A check is a receipt and proof of payment.
7. Checks are a time saver; students can pay their bills by mail.

Step 3 - WHAT WILL A CHECKING ACCOUNT COST:

Most banks have a service charge for checking accounts, usually about ten cents a check. Some banks, however, allow free checks to anyone keeping a certain minimum balance in their account. A service charge is made anytime the balance goes below this amount. Some banks will offer free checking for those customers having a savings account with them, or if they are senior citizens.

Step 4 - HOW TO OPEN A CHECKING ACCOUNT:

If the ABE student expresses a desire to open a checking account, the following basic steps will give some direction:

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1. Direct the students to see the person in charge of new accounts when they go into the bank. If they are in doubt as to who this person is, they can simply ask any teller or other bank employee.
2. The students should tell this person they want to open a checking account. There are different types of accounts and it would be advisable for the ABE teacher to explain them. There are individual and joint accounts; usually a husband and wife open a joint account, and the single person prefers an individual account.
3. The students will be required to give their name, address, telephone number, place of employment, social security number, and information concerning their savings account, if they have one.
4. Students will be required to write their signature (the way they will sign their checks) on a form or signature card. If a joint account is opened, two signatures will be necessary.
5. New accounts also require a deposit to open the account.
6. The students will receive an account number, some printed checks, and a book to record their checks - sometimes called a check record book or check register.

Step 5 - HOW TO MAKE A DEPOSIT:

Money can be deposited in the students' accounts whenever they wish; even night deposits are available at most banks. Remember, payday is usually a busy time for deposits. Many banks now make provisions so that customers can have their paycheck deposited directly by their employer. Government checks, such as social security checks, can also be deposited directly in the bank; thus saving the depositor a trip to the bank.

To make a deposit, students will need to fill out a deposit slip. These may be provided in their check record book, or may be obtained from the writing desk at the bank.

To save time writing the name and account number on a deposit slip, some banks supply plastic cards (much like a charge plate) with this information. The card is inserted into the small printing machine with the deposit slip and the information is recorded. Students are now ready to fill in the amount of deposit.

The following information is needed on a deposit slip:

1. Name and address
2. Date of deposit
3. Account number
4. Amount of cash and coins to be deposited
5. Amounts of the checks to be deposited
6. Total of the amounts which is known as the net deposit.

Once the deposit has been made, the students should enter the amount in their record books. The deposit receipt given by the bank should be kept in a safe place.

Figure I - DEPOSIT SLIPS:

Personal deposit slip

CHECKING ACCOUNT DEPOSIT TICKET

JAMES C. MORRISON
1765 SHERIDAN DRIVE
YOUR CITY, U.S.A. 12345

DATE *June 30, 1976*

DEPOSIT TICKET
THE FORMAT FOR THE DEPOSIT TICKETS
WOULD BE THE STANDARD FORM AVAILABLE FROM
THE DELUXE PLANT SERVING YOUR BANK

DELUXE National State Bank
Your City, U.S.A. 12345

⑆ 2345 ⑆ 6789 ⑆ 12345678 ⑆

CASH	CURRENCY	10 00
	COIN	1 50
CHECKS		4 85
		250 00

00-6789
2345

SEE OTHER SIDE FOR
ADDITIONAL LISTING

BE SURE EACH ITEM IS
PROPERLY ENDORSED

Blank deposit slip

DEPOSIT TO THE
CHECKING
ACCOUNT OF:

James C. Morrison
1765 Sheridan Drive
Your City, Ohio 12345

DATE *June 30* 1976

ALL ITEMS CREDITED SUBJECT TO FINAL PAYMENT

SECOND NATIONAL
THE SECOND NATIONAL BANK OF WARREN

ACCOUNT NO. *1 2345 6789*

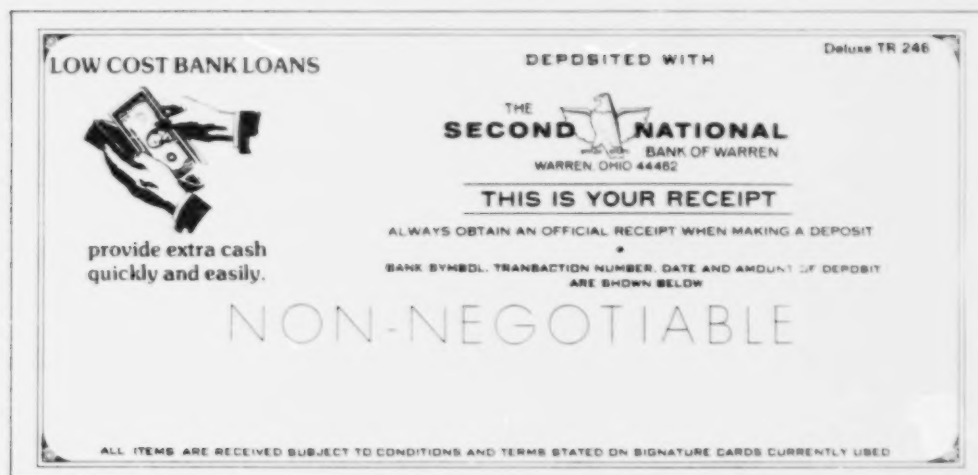
	DOLLARS	CENTS
CURRENCY →	10	00
COIN →	1	50
CHECKS →	4	85
	250	00
LIST SINGLE OR ATTACH LIST • BE SURE EACH ITEM IS ENDORSED		
TOTAL FROM BACK		
TOTAL →	266	35

USE BACK FOR ADDITIONAL CHECKS

SNB 197-11-71

BANKING SERVICES

Figure II - RECEIPT OF DEPOSIT:



Step 6 - HOW TO WRITE A CHECK:

Check writing is not difficult, and should be learned properly. The teacher should stress the following points with the new check writer and give examples.

1. Be sure the students write all checks with a pen.
2. Do not cross out, erase, write over, or change any part of the check. A bank will not pay on a check that has been altered.
3. The check should be dated.
4. If the checks aren't numbered, students should number them.
5. The name of the person or firm to whom the check will be payable should be clearly written or typed.
6. Always enter the amount of the check (in figures) on the right of the dollar sign - \$8.95.
7. Be sure to write the amount of the check (in words) under the "pay to the order of" line; starting at the left margin. The amount of cents should be written in fraction form over the denominator 100, and finish with a wavy line - Eight and 95/100 ~~~~~ Dollars.
8. Students should sign their name on the bottom line exactly as it appears on their bank signature card.
9. The teacher should explain that the memo line is for recording the purpose of the check.

Figure III - PROPERLY WRITTEN CHECK:

	JAMES C. MORRISON 1765 SHERIDAN DRIVE YOUR CITY, U.S.A. 12345	101
		00-6789 2345
PAY TO THE ORDER OF	John Doe	July 1 1976 \$175.00
One hundred seventy five and ~~no~~ 100/100		DOLLARS
DELUXE National State Bank Your City, U.S.A. 12345		"Personal Touch" checks All checks the same
MEMO: Vuly - rent		James C. Morrison
⑆ 2345 6789 ⑆ 12345678 ⑆		

Step 7 - CHECK CASHING:

The teacher should impress on the students that banks and financial institutions are not required (by any policy) to cash checks for a non-customer.

Two-party checks are difficult to cash; almost impossible, if the bank doesn't know the customer. If students have enough money in their personal account to cover a two-party check, chances are the bank will cash it. Students should be aware that if the check "bounces" (is returned because of insufficient funds), the bank will ask them to pay the amount from their own funds.

Out-of-state checks are also difficult to cash. The same policy holds true; if a person can cover the check from their own funds, the bank will usually cash it. However, the bank is under no obligation to do so.

Step 8 - WELFARE CHECKS:

Many banks have had trouble with welfare checks - some refuse to cash them. Usually there are no problems if food stamps are purchased, because some banks have an agreement with the Welfare Department to be reimbursed.

Step 9 - ENDORSING CHECKS:

In order to cash or deposit a check, it must be endorsed. The signature or stamp of the student on the back of the check is called the endorsement. The endorsement implies that the person signing has received the money.

There are three common endorsements:

Blank Endorsement - an endorsement that consists only of the name of the payee. Students should not place their name on the check until they are ready to deposit or cash it. If their name is misspelled or wrong on the check, they should double endorse it - first signing their name the way it appears on the front; then signing it correctly.

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Full Endorsement - transfers payment to someone else, and only that person can cash the check.

Restricted Endorsement - an endorsement that limits the receiver of the check as to the use he/she can make of the funds collected (commonly used when checks are prepared for deposit). This endorsement is used to discourage theft of a check, as a prospective thief would not be interested in a check that must be deposited.

Figure IV - TYPES OF ENDORSEMENTS:

Blank Endorsement

James C. Morrison

Full Endorsement

*Pay to the order
of John Doe
James C. Morrison*

Restricted Endorsement

*For deposit
only
Second Nat Bank
James C. Morrison*

The proper place for endorsing a check is on the opposite side, at the end closest to the part printed "Pay to the Order of."

Step 10 - CHECK REGISTER:

The check register (also called check record book) is that part of the checkbook where all the checks written and deposits made are recorded. A typical page from inside a check register follows.

Figure V - CHECK REGISTER PAGE:

PLEASE BE SURE TO DEDUCT ANY PER CHECK CHARGES OR SERVICE CHARGES THAT MAY APPLY TO YOUR ACCOUNT						
CHECK NO.	DATE	CHECKS ISSUED TO OR DESCRIPTION OF DEPOSIT	(*) AMOUNT OF CHECK	✓ T	(*) CHECK FEE (IF ANY)	BALANCE
100	6/28	Friendly Groceries	14.25			37.50
	6/30					23.25
					266.35	289.60
101	7/1	John Doe - rent	175.00			114.60
102	7/3	Sears - balance on sewing machine	25.95			88.65
		Service charge	1.10			87.55

Be sure to record:

1. Check number
2. Date of check
3. The payee of the check (to whom you paid the check)
4. The amount of the check

To keep a proper balance in their check register, students should subtract the amount of the check from the previous balance and write in the new balance. Be sure they record their checks in their check register as they are written. Encourage them not to trust their memory - record the check immediately, even if they are in line at a grocery store, etc. Any deposits made should be recorded in the deposit space and then added to the previous balance, thus giving a new balance.

Step 11 - HOW TO CHECK THE MONTHLY STATEMENT:

Most banks will send the customers a monthly statement of their account. This statement is a record of all their deposits made, and checks written during the month. It also includes any service charges made by the bank; and the cancelled checks.

Procedure for checking the statement:

1. Upon opening the bank statement, the students must first look for charges other than checks made against their account; such as, service charges.
2. Next, they subtract these charges from their check register.
3. Then, sort the enclosed cancelled checks, and place them in numerical order.
4. Students are now ready to compare the amounts of the cancelled checks and deposits with the amounts written in their checkbook register. All cancelled checks and deposits itemized on the monthly statement should be checked off (✓) in their check register.

Step 12 - HOW TO BALANCE A BANK STATEMENT:

The steps below can be used by the ABE teacher in assisting students in balancing their accounts. This form is sometimes found on the back of the bank statement.

1. Insert the last balance shown on the bank statement.
2. Add deposits made that are not yet credited to the account.
3. Deduct all outstanding checks (not checked off in the checkbook register; therefore, not yet charged to the account). Don't forget the service charges.
4. The adjusted balance should agree with the balance in the checkbook register.

Helpful hints to consider if the statement doesn't balance:

1. Recheck the addition, subtraction, and corrections made in the check register and the monthly statement.
2. Verify the carryover balance from page to page in the check register.
3. Remind the students to be sure they have deducted any service charges made by the bank from their own checkbook register.

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Step 13 - KEEPING THE CHECKBOOK IN GOOD ORDER:

Teachers may wish to go over the following tips several times with the students as these errors seem to be common ones. Group discussions, drawing out common sense explanations, would be one way to insure clear understanding.

1. Never borrow or lend blank checks, even if you cross out the encoded number at the bottom. A bank computer will charge the check to the number printed on the check regardless of who writes it.
2. If a mistake is made, don't erase or cross out figures, tear it up and start over.
3. Endorse checks on the back as close to the top edge as possible, exactly as written on the check. If the student's name was misspelled, they will have to endorse it a second time to match their account signature.
4. Encourage students to save cancelled checks seven years for tax purposes. Remember, a cancelled check is a receipt.
5. Always keep bank books and important papers in a safe place. Never leave them in a car or lying around on tables where anyone could pick them up.
6. Encourage students to go to the same branch (or main office) each time they have banking business. This enables them to get to know the bank, and gives the bank employees an opportunity to become familiar with them.
7. Students should never ask tellers to do something as a special favor for them (cashing out-of-state checks, etc.). Bank employees have rules and regulations which they must follow.
8. If the students have a problem or question about their account or banking in general, they should not hesitate to contact their local bank whose job it is to give assistance.

II - SAVINGS ACCOUNTS

The ABE teacher is often asked to give advice concerning the handling of money, and the following information is designed to aid the teacher in doing so.

Many banks prefer that persons not functioning at a basic skill level, use the savings account method of taking care of their financial business because it is safer for the person and for the bank. Instead of writing a check when money is needed, the students must take their savings passbooks to the bank to withdraw the money. In this way, no one can take advantage of them; because in order to withdraw money, a slip is signed in front of the teller and checked by a special forgery detecting machine. Also, the time it takes to go to the bank would keep these people from making snap decisions, and allow them time to seek advice.

Using the savings account method is much less confusing to basic skill learners. There is no chance of writing too many checks and over-drawing the account. An added bonus is that the students also receive interest on their accounts.

Step 1 - ADVANTAGES OF HAVING A SAVINGS ACCOUNT:

1. A savings account has always been considered a safe investment, and until recent years

that was its only advantage. Today, savings interest rates stand at all-time highs; 5% is common, and yields running as high as $7\frac{1}{2}\%$ and more are available through special long-time arrangements.

2. Another advantage is safety of capital. As long as the students' money is in a properly chartered, registered, and insured savings institution, they are almost certain never to lose it. If the institution fails, their money (up to \$40,000) will be refunded.
3. The students can quickly withdraw their money from most savings accounts in an emergency.
4. If there is a need to borrow money, students will find it is easier to get a loan where they already have a savings account.
5. It is a sound, safe way to build emergency funds.

Step 2 - DISADVANTAGES OF A SAVINGS ACCOUNT:

1. It offers no hedge against inflation in the sense that the dollars deposited may continue to shrink in buying power.
2. The interest earned is taxable as ordinary income.

Step 3 - WHERE TO OPEN A SAVINGS ACCOUNT:

There are four main types of institutions that pay interest on savings:

1. Commercial "full-service" banks
2. Mutual savings banks - found mainly in the northeast
3. Savings and loan associations
4. Credit unions

Probably the best kind of savings account for many ABE students is "day of deposit to day of withdrawal" because every dollar in the account earns interest for every day it actually sits in the account. Students should be sure to check the savings institution for interest paid in this way. It is advisable for the ABE teacher to research the types of banking and savings institutions within their local community.

Step 4 - COMMERCIAL FULL-SERVICE BANKS:

The lowest savings rates are paid by commercial banks on regular passbook savings accounts. However, the commercial bank offers many services, and students are able to withdraw their savings at any time. Some banks will automatically transfer money from the students' checking account (if they have one) to their savings account each month.

Step 5 - SAVINGS AND LOANS, MUTUALS AND CREDIT UNIONS:

These institutions offer students more interest, but not as many services as a commercial bank.

Step 6 - HOW TO OPEN A SAVINGS ACCOUNT:

1. The students should go to a bank, savings and loan, or mutual and inform the teller they want to open a savings account. The teller will either open it for them, or direct them to the person in charge of new accounts.

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- Students will need to know the following information: name, address, telephone (if they have one), occupation, birthplace, social security number; and possibly their mother's maiden name.
- The savings institution will need to know who will be able to deposit and withdraw money from the account, if there is more than one person. The person or persons will be required to sign a signature card with their official signature(s).
- After making a deposit, students will receive a passbook with the deposited amount recorded. The ABE teacher can stress to the students that passbooks should be kept in a safe place.

Step 7 - DEPOSITING AND WITHDRAWING FROM A SAVINGS ACCOUNT:

- When students wish to make a deposit or withdrawal, they must be sure to take their passbook with them.
- In a bank, they will be required to make out their own deposit or withdrawal slip. At a savings and loan, the teller usually makes out the slip.
- Students must report immediately to their savings institution any theft or loss of their passbook.

Figure I - TYPICAL SAVINGS DEPOSIT AND WITHDRAWAL SLIPS:

DEPOSITED WITH		SAVINGS DEPOSIT		DELUXE N 14387													
THE SECOND NATIONAL BANK OF WARREN WARREN, OHIO 44482		<table border="1"> <tr> <th colspan="2">Please List Each Check Separately Specify Bank Check Is Drawn On</th> </tr> <tr> <th>CURRENCY</th> <th>DOLLARS CENTS</th> </tr> <tr> <td></td> <td>25.00</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>TOTAL</td> <td>25.00</td> </tr> </table>		Please List Each Check Separately Specify Bank Check Is Drawn On		CURRENCY	DOLLARS CENTS		25.00							TOTAL	25.00
Please List Each Check Separately Specify Bank Check Is Drawn On																	
CURRENCY	DOLLARS CENTS																
	25.00																
TOTAL	25.00																
SNB 139 3/76	DATE <u>July 1, 1976</u>	BR.	ACCOUNT NO.	TT													
	BY <u>James C. Morrison</u>		1 2 3 4 5 6														
ALL ITEMS CREDITED SUBJECT TO FINAL PAYMENT																	
⑆04⑆200266⑆		23⑆															

RECEIVED FROM MY SAVINGS ACCOUNT AT:		SAVINGS WITHDRAWAL		DELUXE N 14388							
THE SECOND NATIONAL BANK OF WARREN WARREN, OHIO 44482		DATE <u>July 15, 1976</u>		<table border="1"> <tr> <th>BR.</th> <th>ACCOUNT NO.</th> <th>TT</th> </tr> <tr> <td></td> <td>1 2 3 4 5 6</td> <td></td> </tr> </table>		BR.	ACCOUNT NO.	TT		1 2 3 4 5 6	
BR.	ACCOUNT NO.	TT									
	1 2 3 4 5 6										
SNB 140 3/76	<u>Fifty and ^{no} 100</u>	DOLLARS \$50.00									
NON-NEGOTIABLE		TO BE USED AT THE COUNTER OF THE SECOND NATIONAL BANK OF WARREN AND PERSONALLY BY THE DEPOSITOR									
		<u>James C. Morrison</u> SIGNATURE									
⑆04⑆200266⑆		258									

Step 8 - INTEREST

Have the students find out when their bank or savings and loan posts interest, and suggest that from time to time they have it entered in their passbook. It should give them a good feeling to see the interest add money to their account.

Many states (Ohio) declare a savings account inactive if it hasn't been touched in ten years. Banking institutions are required to turn these accounts over to the state. Should students remember an old account after the state has possession, they will be required to prove ownership. The state will then pay back the account money with interest. Remember, students must take their passbook to the bank for interest to be recorded; therefore, the above should never happen.

Step 9 - HOW TO SAVE REGULARLY:

For savers, the worst problem of all is self-discipline. Here are a few helpful suggestions:

1. Students should set a goal for themselves - so much money saved by a certain year.
2. They should save toward it regularly and routinely. Savings payments should be a monthly automatic outlay, just like rent or mortgage payments.
3. Students can also save where they are employed through the payroll deduction plan for U. S. savings bonds.
4. Some companies will arrange to deposit percentages of pay into their credit union; which often pays a higher rate of interest on savings than do other savings institutions.

Step 10 - CREDIT UNIONS:

Credit unions are a good place to save money. They are convenient and yield a high rate of interest. Credit unions can be found where there are two hundred or more employees. Not every company or group of employees has a credit union.

Steps to follow in opening an account with a credit union:

1. Students should notify the credit union office that they would like to have systematic deductions taken from their paycheck. They will need to fill out a form giving the credit union permission to receive these deductions.
2. Deductions will be made automatically before students receive their paychecks.
3. Several times a year, students will receive statements from the credit union indicating the amount of money and interest paid to their accounts.
4. Students will also receive a record of payments if they have borrowed from the credit union. Explain that students may have a loan and savings account at the same time; however, the interest charged on the loan will be greater than the interest received on their savings account.

III - OTHER BANKING SERVICES

SAFE DEPOSIT BOXES:

These steel boxes are kept in the bank vault, and are available in several sizes. A rental fee is charged according to the size.

BANKING SERVICES

Reasons for using a safe deposit box:

1. It is a good place to keep important papers; such as, stocks and bonds, insurance papers, and wills.
2. They are fireproof.
3. It is a good place to keep anything of value such as jewelry. .

Only the renter has access to the safe deposit box. Two keys are needed to open the box; one from the renter and one from the bank. The renter must sign a slip with his/her official signature. The bank clerk then checks the signature against a signature card. Safety deposit boxes can be opened by the renter any time during banking hours.

CHRISTMAS CLUB:

When people join a Christmas Club, they are in a sense opening a savings account. A decision is made to deposit a certain amount in the Christmas Club every week or two, and the depositors are given a book of coupons. Each time they make a deposit, a coupon is removed and kept at the bank as a payment record, the book is stamped with the date, and the amount is written in the book.

A Christmas Club savings is a good way to have extra cash at Christmas. Checks for the amount saved are sent to the depositors in November.

However, there are two drawbacks to having a Christmas savings; very few banks pay interest on this type of savings plan and depositors cannot withdraw their money until November.

LOANS:

When applying for a loan, the student should speak directly with the bank manager, or person in charge of loans. Students should have with them the following information:

1. Social security card
2. Net and gross amount of their income. (This is the hardest question to answer for most people as they usually don't know.)
3. List of current expenses
4. Several references

When people are refused a loan, it is usually because of poor credit or lack of ability to repay the loan. The bank can no longer refuse loans on the basis of sex or marital status.

"The Federal Equal Credit Opportunity Act and the Ohio Law Against Discrimination prohibit the Bank from discriminating against credit applicants on the basis of sex or marital status. The Federal agency which administers compliance with the Federal Act concerning the Bank is the Controller of the Currency, Washington, D.C. 20219. The State agency which administers compliance with the State law is the Ohio Civil Rights Commission, Columbus, Ohio."

Ultimately, the manager determines whether or not a person receives a loan based on the "three C's of banking:"

Capital - income
Character - credit standing
Capacity - to repay the loan

REAL ESTATE LOANS:

Banks make loans to people wishing to purchase homes. They require large down payments, and generally won't loan money for as long a period of time as a savings and loan.

INSTALLMENT LOANS:

Banks are especially involved with financing cars, but will usually make loans on almost anything students may want to buy. Students agree to make monthly payments of a set amount when applying for an installment loan.

CREDIT CARDS:

Through some banks, students can apply for Master Charge or Bank Americard. For example, in Warren the Second National Bank belongs to the B.S.A. - an association which enables them to handle applications for Master Charge. All applications are handled through Union Commerce Bank, and only Union Commerce Bank can determine whether or not a person is eligible for Master Charge. (Union Savings and Trust Bank follows a similar procedure for Bank Americard.)

Carrying these cards make it unnecessary to carry much money or buy many Travelers Checks. However, there are dangers to carrying credit cards; they can be lost or stolen. The owners are responsible for the first fifty dollars charged on their card unless they notify Master Charge or Bank Americard of the loss before the card is used illegally.

CERTIFICATE OF DEPOSIT (CD):

This is a high interest arrangement with the bank which works very much like a savings bond. It matures in a stated number of years; most commonly one to four. If the certificate is cashed before the date of maturity, the depositor pays a penalty. Students can always borrow against it in a dire emergency.

NOTARY:

Notary service is usually free to bank customers.

Budgeting Money



BUDGETING MONEY

With new goods coming on the market every year, all competing for student dollars, there are numerous decisions to be made about buying. How does a person spend wisely and make the right choices?

The students are controllers and money managers. They may wonder how they spend their money each day. The best way to find out is to record this information on paper as this may reveal some interesting facts.

The students must determine their goals if they expect to manage money properly. Goals can best be achieved by making plans, following the plans, and changing them if necessary. There may be many forms which these plans can take. Some students will need one plan or perhaps a combination of plans; which may be weekly, monthly, seasonal or annual.

Step 1 - NECESSITIES AND GOALS:

The teacher should have the students make up a chart similar to the one suggested in Figure I, and list the following:

1. Immediate needs, wants and; if they have a family, family goals.
2. Goals the students may desire in the future.
3. Costs or estimated costs of these goals.

Figure I

Necessities and Goals			
Immediate		Future	
Item	Cost	Item	Cost
Monthly bills		New home	
Food		Vacation	
Repairs		Education	
Clothing		"Nest Egg"	
Furniture		Retirement	
Car Expenses/Trans.			
Medical/Dental Exp.			

Lists may vary in length according to the student's living situations.

Remind the students that goals change, and advise them to be flexible. List all goals, even those that seem impossible to obtain.

If the students earn a seasonal income; such as, a farmer or construction worker, a high and low plan should be made. It is easier to adjust to having a higher income than to a lower income.

BUDGETING MONEY

After the students have identified their needs and wants, they can begin a plan to work them into their budget.

Step 2 - INCOME RECEIVED:

Have the students list all incomes received in a month.

1. A student may have several sources of income.
2. List income after deductions are taken out. (Note: Self-employed individuals will have to keep track of such deductions as taxes, social security, etc.; therefore, they may wish to list their income before these items are deducted.)

Figure II

List All Income Received in a Month		
Date	Source of Income	Amount
	Total	

Step 3 - PERSONAL INCOME CHART:

Have the students compose a personal chart showing how they are presently spending income. (This chart will be fairly large.)

1. The students should keep a daily chart on which they can list spending for one month.
2. List what was spent for each item, then total the monthly spending.

The following is a sample list of suggested headings the students might use with their charts:

1. Food - at home or restaurant
2. Clothing - garments, material, accessories, dry cleaning
3. Housing - rent, mortgage payments, utilities, home improvement, cleaning supplies, furnishings
4. Savings - Christmas accounts, bonds, emergency, credit union
5. Dues - unions, clubs
6. Health - doctor, dentist, oculist, veterinarian, drugs
7. Education - books, magazines, newspapers, lessons, tuition, fees
8. Contributions - church, community campaigns, charities
9. Transportation - car, gas, bus, car repairs, accessories
10. Gifts - friends, relatives, family
11. Taxes - income, property, city, state
12. Recreation - admissions, hobbies, vacation
13. Personal - haircuts, allowances, cosmetics, tips, drinks, tobacco, lottery tickets, etc.
14. Help - yard, cleaning, baby-sitting

15. Insurance - car, property, life, hospital
16. Debts - charge accounts, loans, personal debts, and child support

Step 4 - THE SPENDING PLAN:

Now that the students are aware of where most of their money is going, they are ready to make a spending plan; such as the one in Figure III. This plan is designed so that the students may control spending.

1. Have the students take a look at the monthly chart they have just made. This will give them an idea concerning future spending.
2. Ask them to gather all old records, bills, cancelled checks and receipts. (gas, electric, etc.)
3. Next, the students will check their list of needs and wants. They should now be able to see what will fit into their spending plan.
4. Encourage them to put important things first.

Figure III - Page 20

Step 5 - MAKING DECISIONS:

After the students study their spending plans, they may decide more money is needed. If so, they will have to consider the advantages and disadvantages of additional part-time employment. Sometimes the sacrifices made by taking on another job just aren't worth the additional money; however, it may be the only way the students can make ends meet.

Step 6 - PUTTING THE PLAN INTO ACTION:

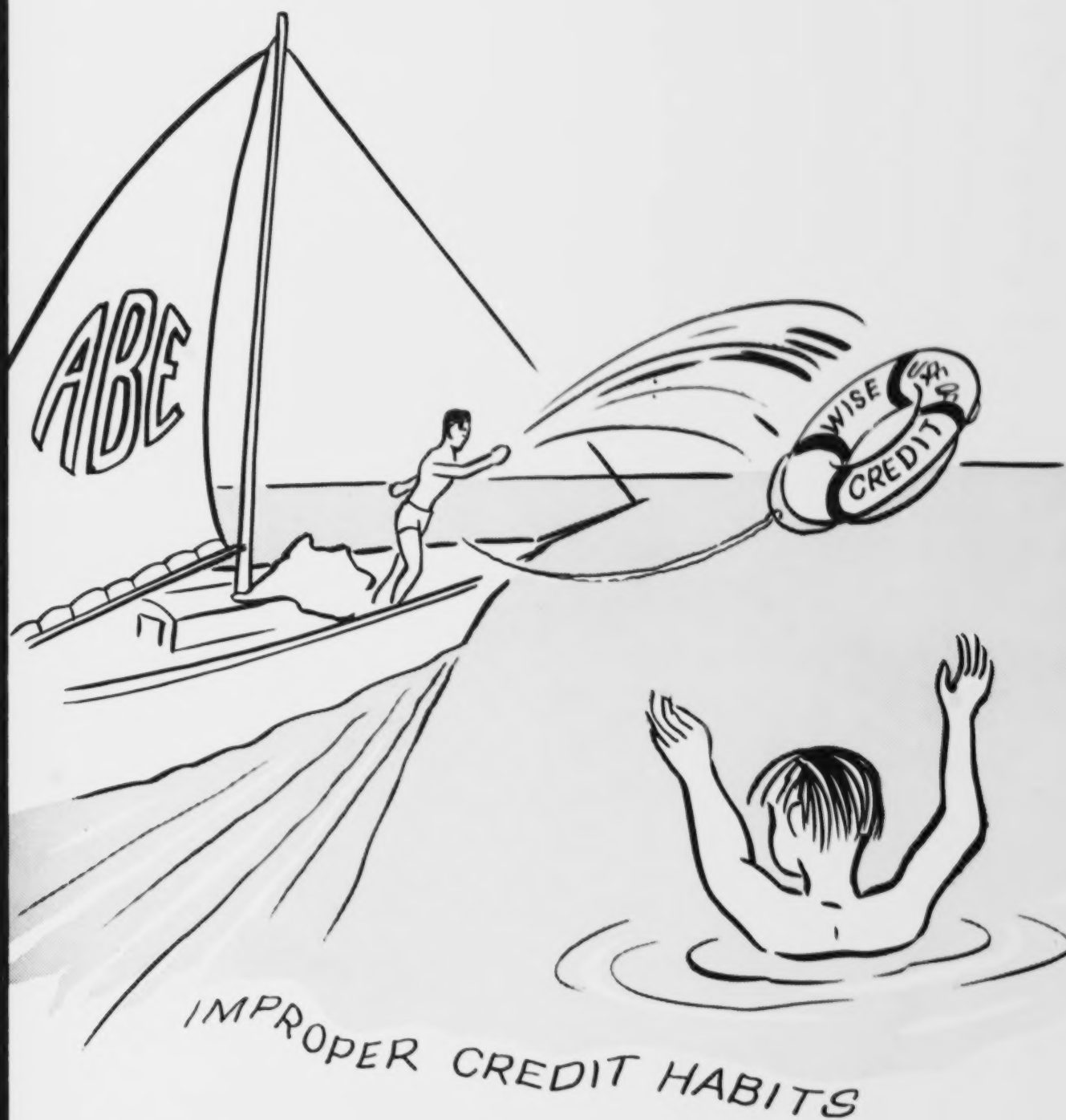
1. Have the students check their daily spending against their listed incomes.
2. It should be pointed out that accurate records will help their plan succeed.
3. Make sure the students observe and determine where their money is going.
4. A special file should be kept for all bills, receipts, cancelled checks, and important papers (examples: guarantees, insurance policies, etc.).
5. The students should remember that a spending plan is a guide, but it must also be flexible.
6. The students should also realize that needs change, prices change, incomes change, and emergencies develop.

Step 7 - REVISIONS:

After a few months, the students may wish to rewrite their plans. They'll be able to do a better job the second time.

	SPENDING PLAN												Planned Spending Total	Actual Spending Total
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.		
Taxes:														
Income														
State														
City														
Food														
Housing														
Clothing														
Health														
Transportation														
Personal														
Debts														
Savings														
Cleaning														
Insurance														
Recreation														
Help														
Gifts														
Contributions														
Dues														
	TOTALS													

Understanding and Using Credit



UNDERSTANDING AND USING CREDIT

Today money just seems to vanish almost without notice. It can simply slip through the fingers before one realizes it. Because of this, and the high cost of living, students are not always able to pay cash for purchases. It may be necessary for them to use credit. However, the student should be advised to use credit only when the need justifies it, because it can easily lead to over-buying. If credit is used, it must be controlled. Of course, the constructive use of credit can enable the student to make purchases that it may be impossible to save for.

The following steps may help the student make decisions about what type of credit he/she may find necessary to use.

Step 1 - CREDIT PLANS AND SOURCES:

Before a purchase is made, the student should decide how and when the bill will be paid. Remember credit costs money. There are various methods individuals may use to pay for purchases; any or all of the following plans for payment may be used by the student:

1. Charge accounts - (means paying carrying charges). With this method, additional purchases may be added during the month. Monthly minimum payments may be made or the entire bill may be paid. If the entire bill is not paid on the first billing, it is called a revolving account. A finance charge is made on the average daily unpaid balance. Here it is wise to explain to the student that the percent of interest may be expressed at $1\frac{1}{2}\%$ per month; however, they are actually paying 18% per year.
2. Installment plan and consumer loans - (means paying interest or carrying charges). This plan is usually set up to pay for a single purchase, such as a car. There will be a specific number of payments. After a down payment is made, the finance charge is added to the balance. This total is then divided by the number of payments the student will make.
3. Consumer loan sources:
 - a. Credit unions
 - b. Banks
 - c. Small loan companies
 - d. Insurance companies
 - e. Pawnshops
 - f. Loan sharks and illegal lenders

Credit Union - Only members of a credit union can borrow money from a credit union. In Ohio, a firm must have at least 200 employees in order to establish a credit union. Interest is stated as a monthly rate on the unpaid balance. Credit unions vary and set their own rates. They do not charge more than one percent a month; this would be a true annual interest rate of 12%.

If you save money through the credit union, you can usually earn a better interest rate than you would earn on your passbook at a savings and loan.

Bank - A business establishment authorized to lend money at interest. The interest rate will be at least 8 percent. There may also be an investigation fee.

If a borrower's credit is not well established, the bank may require one or more co-signers who are financially responsible, and who will have to pay the loan if the borrower fails to do so. Only as a last resort should you ask a friend for that favor.

Small Loan Companies - These companies require less collateral than most lending

UNDERSTANDING AND USING CREDIT

agencies. Interest rates and service charges are usually higher because they take higher risks. The rate of interest these companies can charge is usually limited by state law. Rates are stated as a monthly rate on the unpaid balance of the loan. True interest rates range from 12 to 42 percent per year.

Pawnshops - A place to get a loan with interest in exchange for personal property left as security. Pawnbrokers charge very high rates. The annual rate could be 24 to 120 percent or more. The amount of money a person could get as a loan is small compared with the value of what you leave as security.

Loan Sharks and Illegal Lenders - People who are desperate, in real need of money and cannot borrow it any other way, or people who don't know any better go to loan sharks. Such lenders often take advantage of the borrower. They sometimes charge up to 1,000 percent interest. Always encourage the ABE students to go to a reliable lending agency.

Some furniture stores, car dealers, jewelry stores, and other places where a student can make a large purchase may not always carry their own credit accounts. In this case, the dealer may sell the contract to a financial institution (probably a loan company) which will then receive the payments. To get the most for your money, it is wise to shop around for credit at banks, credit unions, and loan companies before the purchase is final.

Step 2 - CREDIT COSTS:

Advise the student that the most important factor when choosing a credit source is the cost. Many students may find it a real burden to pay finance costs on several items over a long period of time.

1. Investigate the source of credit to be used and its reliability.
2. Help the student figure out how much credit he is actually getting.
 - a. How much will the purchase cost in the end (purchase price plus interest)?
 - b. How long will it take to pay off the purchase?
3. If installment credit is used, advise the student to:
 - a. Make a large down payment (if possible).
 - b. Pay off the loan as quickly as possible.

Remember, the cost of credit varies. It may be different every time the student uses it. Rates vary because of:

1. The size of the purchase.
2. The type of loan facility used (bank, credit union, etc.).
3. The length of time for payment.
4. The credit rating of the student (risk).
5. The way charges are calculated.
6. What may be included in the charges (some lenders provide insurance should anything happen to the borrower, or in case of accident, theft, or fire).

For the student to understand the use of credit, he/she should know it has advantages and disadvantages. Most people do use credit, but its use is up to the individual. Paying cash is not always the wisest use of money, and it may deprive the student of other benefits available through the wise use of credit.

Step 3 - DISADVANTAGES OF CREDIT:

Disadvantages for the students to consider:

1. After adding interest, the cost of the item may be too high.
2. Students may over-extend themselves.
3. Some people forget they have just so much income; credit does not give you more income.
4. Remind students that they may want to eat out once in a while, and do things with family and friends. Too many payments on unnecessary things can curtail the little pleasures in life.

Step 4 - ADVANTAGES OF CREDIT:

Advantages for the students to consider:

1. Good credit can help them establish a good credit rating.
2. It is easier for them to get service on goods for which payments have not been completed.
3. Convenience; the students do not have to carry cash.
4. The students build good will for themselves.
5. It frees the rest of their income for other things.
6. The students can enjoy the products purchased while paying for them.
7. Some students can make monthly payments easier than paying back their savings accounts.
8. The students do not have to make big purchases out of one or two pay checks. They can spread out their payments.
9. Credit can be helpful for emergency buying.
10. It gives the students a chance to shop around and get the best buy for their money.
11. It keeps the students' bank balances from getting too low.

Step 5 - GUIDES TO HELP STUDENTS IN CREDIT BUYING:

Don't go into debt for more than 20% of a year's net income. Example: if you earn \$10,000, don't get into debt for more than \$2,000. Others feel a debt should be no larger than 10% of a person's net income, and should be paid within twelve to twenty-four months (10% of \$10,000 a year is \$1,000).

The Associated Credit Bureau of America suggests these guides:

1. An emergency limit would be one-fifth of annual take-home pay.
2. A manageable limit would be the amount one-tenth the monthly pay would clear in eighteen months.

UNDERSTANDING AND USING CREDIT

3. A conservative limit would be payments equal to one-third of the take-home pay, after allowing for food, clothing, and shelter.

The American Collectors Association recommends installment payments not exceed 15% of take-home pay.

These are only guidelines because every person is different.

Step 6 - USING CREDIT WISELY:

Using credit wisely demands some knowledge, and where possible some guidelines. Because of this, the following points should be carefully emphasized by the ABE teacher.

1. Students should only borrow money when needed; never borrow ahead of time.
2. They should borrow the smallest amount needed; not as much as they can obtain.
3. Shop around for the lowest possible cost on interest. Do not simply go to the nearest loan company.
4. Students should know all the terms of the loan, and just how much (total amount) they will be paying when the interest and service charges are made.
5. Students should be sure they are completely satisfied with the amount to be paid.
6. Definite plans should be made for repaying the loan. A loan is not a gift; it must be repaid, usually out of income.
7. Monthly payments should be as large as possible. If payments are stretched out, the student will end up paying more.
8. Students should read and understand contracts completely; also, fill in all blanks.
9. Protection of credit rating is important. If students must postpone a payment or reduce it, they should contact the credit manager, merchant, or lender immediately; offer an explanation; and try to work out a new agreement - one which they can stick to.
10. To meet the extra expense of buying on credit, the student will have to have a clear knowledge of wages and future expenditures.

Step 7 - TRUTH IN LENDING:

This is very important legislation to protect borrowers. It became effective July 1, 1969. It was designed to help consumers to better understand costs of credit.

The major requirements of the law are that consumers be informed in writing of the cost of credit, and that the interest be calculated and shown at the annual rate. Disclosure of the annual interest rate is also required in all credit advertising that gives terms in figures.

The lender is also required to show the total finance charge separately, the number of payments, amount of each payment, date of the first payment, and frequency with which payments are to be made. The borrower must be given a copy of the disclosure form. Also required is the customer's signature on contracts and credit plans. Acknowledging that terms have been disclosed.

Failure to disclose credit terms may result in fines of double the amount of finance charges on the transaction in question.

Another provision requires disclosure of the "true" annual interest rate on first mortgages on houses.

UNDERSTANDING AND USING CREDIT

The law exempts from disclosure small finance charges - interest rates on loans of \$25.00 or less; loans of \$25.00 to \$75.00 with charges of \$5.00 or less; and loans over \$75.00 with charges of \$7.50 or less.

Another important provision is that when several items are purchased on the same contract, payments are applied to the least expensive item first.

If a consumer defaults part way through a contract, the creditor can repossess only those items which are not covered by the total payments made on the account.

If several items are purchased on an open-end account, the first ones purchased are considered paid for from any payments made on the account; therefore, they cannot be repossessed.

Comparative Shopping



COMPARATIVE SHOPPING

In this time of increased costs of living, unemployment, and fixed incomes, students - like everyone else - will need to become familiar with comparative shopping practices.

All too often, educators take for granted the little savings tips which are a part of our lives, but unknown to the adult lacking basic skills. The people who fall into this category are constantly taken advantage of; therefore, the comparative shopping information which follows should be brought to every ABE student's attention. As each individual student and situation is different, the adaptability of this material will have to rest with the individual teacher or aide.

The relevance of comparative shopping goes without question; the degree to which it is performed lies with the student.

Step 1 - SHOPPING AT HOME:

People generally like to know whether they are getting the most goods and services possible for their money. One way to insure this is to shop around. This does not necessarily mean that individuals must go from store to store throughout the city; it simply means that it pays to compare before buying. Students can "shop around" without leaving home by using the telephone, and gaining information through various sources of advertising.

Below are some ideas which can be used by the ABE teacher in instructing means of comparative shopping:

1. Bring newspapers and magazines to class and point out the advertising to the students - compare prices.
2. Read the yellow pages with the students; look up specific items.
3. Suggest that the students ask other students or friends about an item to be purchased; if they liked the brand they bought; and if they feel they got their money's worth.
4. Have the students examine local catalogs as catalog prices are often lower than those in a store. Certain items are listed in Consumers Guide.
5. Instruct the students to cut out ads about items they are interested in purchasing. If it is a large item which would require some research, the students may wish to put all the information in a file. This information will help them in making an intelligent decision.
6. The students should now be ready to begin shopping around - they should go to several stores. Where are the best prices? Do they have good service? Is the product good? Have the students heard anything against this store? Have them check with the Better Business Bureau.
7. Advise the students to check all the models (example: a T.V. set), and compare quality and price.
8. The students should ask for company bulletins. They should read labels and judge workmanship. Items must be labeled, and will usually offer information concerning the article (especially clothing).
9. Suggest the students ask about warranties and guarantees, and read them carefully. They should be kept in a safe place.
10. Suggest that the students ask questions about the product. The sales clerks will probably be able to answer most questions.

COMPARATIVE SHOPPING

11. Encourage the students to understand the correct uses of credit. (see CONSUMER ECONOMICS, Understanding and Using Credit)
12. Suggest that students make it a rule to "sleep" on a major purchase; emotions can be convincing.

Step 2 - FOOD SHOPPING:

A major percentage of one's income is spent on food. In order to better understand ways and means of comparative food shopping, the following considerations can be discussed and hopefully implemented.

1. Planning ahead before going shopping can be a real money and time saver. Students should be encouraged to keep a pad of paper in the kitchen so they can note food items as their supplies run low. When making out their list, they should keep in mind what can be done with the inevitable leftovers.
2. Before shopping it is wise to check the refrigerator, pantry or cupboard shelves. Consult store and newspaper advertisements, and plan to first spend money on items with nutritional value.
3. While the majority of people shop in person, some students may have a transportation problem. Teachers should point out that ordering groceries by telephone, and having them delivered can be very costly. Also, it does not allow the individuals to select the food they are ordering.
4. Keeping records of prices can become a hobby with some people as well as a means of saving money. Encourage the students to take advantage of "come-on specials" where the consumer sends labels to the company for trying a certain product, and receives money in return.
5. Cupboard shelves can be stocked with essentials when on sale. It is important to remember that canned goods are generally safe to keep for a one-year period.

If the students wish more information on keeping canned goods, or homecanning and freezing, they can write to their county extension agent or the Government Printing Office, Washington, D.C.

6. Students should learn to check food containers with care when shopping. They should not buy frozen food containers that are covered with frost, or cans that are swollen or dented. It is also a good idea to check canned foods at home, and discard immediately any cans found swollen.
7. A good way to buy meat is to consider the cost per portion rather than overall price. This technique will involve some simple division of number of portions into total cost.
8. Another use of math is found in the comparative purchasing of breads and cereals by cost per ounce or pound. Since there is no waste involved as compared to bones and fat in meat, the students can simply tell which package contains more ounces for the identical price.
Note: Almost any ABE math book will show how to compare prices and weights when different.
9. Students should also compare package size, not only in terms of cost or best buy, but in relation to how quickly the contents will be consumed. The "extra large," "jumbo," "super" or "family economy size" is no bargain if students end up throwing away left-over amounts, especially those that spoil quickly or lose their strength.

COMPARATIVE SHOPPING

10. Means of packaging can be compared; for example, frozen vegetables as compared to canned vegetables.
11. Seasonal specials should be brought to the attention of the students. Prices fluctuate as the supply comes and goes. (see HEALTH AND FAMILY LIVING - NUTRITION)
12. It is important to consider the cost of time, effort, and gasoline in choosing a super-market or determining a bargain. Students will not be getting a bargain if they drive across town in order to buy one item.
13. It is important to note that many low-income consumers would not be able to meet even basic nutritional needs without food stamps. Food stamps are available through local welfare departments and are used as cash to buy groceries. The ABE teacher might well consider units on how to apply for food stamp assistance and how to obtain the most nutritional value for food stamp allotment. (see HEALTH AND FAMILY LIVING - NUTRITION)

Shopping Tips:

1. Before preparing the grocery list, check items already on hand - do not exceed the amount budgeted for food.
2. Read the newspaper ads and pay attention to sales.
3. Clip and use coupons.
4. Students should not shop when hungry or tired as they will spend more money.
5. If possible, students should leave the children at home so they can concentrate on comparing prices and making wise decisions.
6. Beware of stores that give stamps; two cents of each dollar spent subsidizes the store's expenses.
7. Careful shopping in one store may be more satisfactory than running from store to store.
8. Compare store brands; many times items are packaged at the same factory as "name brands."
9. Try to ignore appealing store displays.
10. Read labels; some people don't realize that manufacturers are required to list ingredients in descending order according to the weight of each ingredient.
11. To save money, avoid many of the convenience foods as they may cost six or seven times more than the basic ingredients used in preparing the product.
12. RDA stands for Recommended Daily Allowance of vitamins and minerals.
13. Some items are cheaper if purchased by the dozen.
14. Buy bread by weight, not size.
15. Buy condensed soup rather than pre-watered varieties.

COMPARATIVE SHOPPING

16. Processed meats such as bacon, hot dogs, and bologna are costly. They also contain nitrates, the additives which have become suspect in recent months as cancer causing substances.
17. Try using powdered milk instead of whole milk. If family members complain of the taste, mix together equal amounts of instant milk (in liquid form) and whole milk.

Unit Pricing and Open Dating:

The unit price label is usually found on the shelf directly underneath an item. For instance, when shopping for paper towels, the unit price will indicate the price per 100 square feet. If brand "A" is 23¢ per 100 sq. ft. and brand "B" is 25¢; then brand "A" is cheaper. This same technique applies to other products from toothpaste (price per ounce) to meat (price per pound). At this point, mathematic exercises could be incorporated into regular ABE lessons.

Price is not the only means of comparative shopping. The ABE teacher should mention that quality must also be considered when comparing brands.

Open dating - the date stamped on perishable products to preserve freshness - is required in some areas, voluntary in others, and non-existent elsewhere. The date shown for dairy products is the "pull date" or the date by which the products should be sold or removed from the shelves. Besides "pull dates" and "packing dates," some states mark a "spoilage date" -- food should not be eaten after this date. The ABE teacher should check which regulations apply to their area.

Step 3 - CLOTHING:

Since clothing is another essential area where the ABE student can save money, this information was written for the purpose of introducing some alternatives concerning the buying and making of clothes.

Again the burden of adaptation to the ABE classroom or laboratory situation falls on the ABE teacher or aide. Nevertheless, the area of comparative shopping for clothing has been identified as a major concern to low-income students, and the intent we all have as ABE teachers is to help those individuals.

All of us are subject to the wants and desires of new clothes, as well as victims of fads and style changes.

Sewing Clothes:

Sewing can be a time consuming but rewarding hobby for many people. Sewing can also save money, however, the students must know what they are doing. Courses in basic sewing are available, and it is recommended that a person take one of these courses before investing in a sewing machine, accessories and material.

Where children are involved, sewing is somewhat easier and can be both rewarding and economical.

Buying Clothes:

Students should anticipate their family's clothing needs, and in doing so can take advantage of end-of-season sales. Budget items can be good buys, especially for clothing with a short period of intended use - tee-shirts, socks, underwear, etc. for children. They should check the material used in the clothes for workmanship and avoid materials that must be dry-cleaned often.

COMPARATIVE SHOPPING

It is a good idea to become familiar with various fabrics such as the common ones listed below:

1. Cotton is strong, colorfast, and resists heat and moths. Although it wrinkles easily and does not hold a crease, it is versatile and can be found in many garments.
2. Wool is warm, absorbent, colorfast, and resilient. It has no resistance to bleaches, perspiration or moths, and must be dry-cleaned.
3. Nylon is probably the strongest man-made fiber. It is versatile and holds shape well; however, nylon fades and is not absorbent.
4. Polyester is wrinkle resistant, holds its shape, and can be combined with other fabrics - 100% polyester lacks absorbency. It is colorfast, and resistant to sunlight, mildew, perspiration and moths.
5. Rayon was the first man-made fiber. It is soft, comfortable, and highly absorbent; unfortunately it doesn't wash well.
6. Acrylic is an imitation of wool, and does not withstand much heat. Fake furs are often made of acrylics.

Stains in clothing can often be removed thereby saving the article from being discarded. There are three basic stain removing methods: dry-cleaning, wet-cleaning, and bleaching - which is to be used as a last resort. The term dry-cleaning is misleading since it means that the fluid used in cleaning contains no water.

When buying clothes, students must keep a tight rein on their impulses. As mentioned earlier, we are all victims of fads and style trends; however, the low-income student cannot afford to bend to these pressures.

The following practical suggestions concerning clothes shopping can be easily covered in a short discussion period:

1. Coordinate your wardrobe around two or three colors; then purchase items to mix and match.
2. Always try on clothes before buying them. Sizes are not uniform, and alterations cost valuable time and/or money.
3. Check the workmanship of an article before buying.
4. If material has a definite pattern (stripe or plaid), the pattern should match everywhere on the garment.
5. Pockets should be full and sturdy.
6. Hems should be neat, with enough material to be let down.
7. Seams on sleeves should be single, and run along the inside of the arm.
8. Don't buy clothing simply because it's on sale, especially if the style or color is wrong for you.
9. Buy towels, sheets, etc. at budget stores or on sale.

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10. Buy clothes during the "off season."
11. Buy certain items, such as pantyhose, in quantity.
12. Find and patronize economical clothing stores. "Staples" such as jeans, underwear, shirts, and "sneakers" are especially good bargains when bought through a chain or catalog store.
13. Students should shop in the various departments of a store. The bargain basement may carry designer clothes as well as "seconds."
14. "Seconds" can be a good bargain - often the flaws are small and unnoticeable.
15. Students would be wise to buy clothing with simple lines because frills, fancy belts, and furs add to the cost of a coat or sweater. Stay away from "fads."
16. Buy clothes that are durable and don't wrinkle easily.
17. If charging their purchases, students should be careful not to overspend. (see USING AND UNDERSTANDING CREDIT unit)

Buying Shoes:

1. Do not purchase shoes that are uncomfortable; they should not need to be "broken in."
2. Never pass shoes on from one child to another. Shoes tend to take on characteristics of the first wearer's feet.
3. Shoes will last longer if given a day's rest between wearings.
4. Platform shoes are dangerous to feet. They have caused back injuries as well as broken foot bones to those who wear them.
5. Style should not be substituted for comfort.
6. Shoes should be bought in the afternoon when feet are larger.
7. Both feet should be measured in both a sitting and standing position.
8. Shoes should be bought to fit the larger foot.
9. Shoes must fit correctly from heel to ball in order to accommodate the ball joint in the wide part of the foot.

Step 4 - SHOPPING FOR SERVICES:

Shopping for services is becoming more and more a reality. It is equally important to shop around for services as it is to shop for food or clothing. Every person has the right and responsibility to receive good service value in return for the money they spend.

Shopping for services includes such areas as plumbing, furnace repair, car maintenance and carpentry as well as medical, dental, and legal. Many individuals would never think of looking for another doctor, possibly they wouldn't need to; however, if they are not satisfied with the service they are receiving, they should consider other alternatives.

Step 5 - SAVING ON AUTOMOBILE REPAIRS:

Consumers spend an estimated thirty-three billion dollars a year on repair and maintenance costs for their cars. Auto repair is the number one consumer complaint in this country as more and more people are keeping their cars, rather than yielding to the high prices that are now being charged for new cars.

Students should be aware of a few steps they can take to help insure quality service for the money spent.

1. Ask friends, relatives, and co-workers where they have auto repairs done. This is one way to find the best place for service.
2. Call the garages listed in the yellow pages of the phone directory and ask if their mechanics are licensed.
3. If your car is fairly new, have repairs made where the car was purchased. In general, the service departments of new car dealers are equipped to handle complex repairs; however, you might have to pay a higher rate.
4. Beware of dealers with highly advertised "specials" where a salesman tries to talk the student into unneeded repairs.
5. If a student employs a mechanic to work on his/her car, discuss what needs to be repaired, and get a written estimate which includes parts and labor. This will help to eliminate the possibility of being charged for unwanted repairs.
6. The student should check the bill to see that labor and parts are itemized, and refuse to pay for unauthorized parts or labor.
7. Ask the garage owner or mechanic for the old parts. In this way the student can be sure the damaged parts were replaced.
8. If possible, stay and watch the mechanic while he works. (Some places will not allow this for customer safety.) Even if the student knows nothing about cars, he/she should ask questions. The mechanic should be able to explain in simple terms what needs to be done and why.
9. Service stations are usually satisfactory for minor repairs, but not for complex jobs. They also charge more for any parts needed.
10. Find out how long the repairs should take. If it will be a long wait, they may be able to take you home. Some car dealers will provide the student with another car if the repairs take longer than expected.
11. Independent repair shops that specialize in certain types of repairs or do general repairs usually have a good performance record, especially when the owner is one of the mechanics. Choose a repair shop that is well established.
12. Repair shops operated by big retailers are only as good as their mechanics. Parts may be cheaper, but labor rates are the same as elsewhere.
13. If the student is told his/her car is in need of major repairs, he/she may want to get a second opinion and estimate from another garage before making a decision.

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14. Many schools offer short courses in auto mechanics for those people who are not familiar with cars. These courses offer basic instruction on tire changing, oil changing, battery care, and some terminology used when talking about cars. Such courses are usually offered at a low cost and can be valuable.
15. If, after the student decides on a garage, he/she becomes suspicious for some reason, a quick call to the Better Business Bureau may prove valuable. They will be able to tell whether or not other consumers have had similar complaints.
16. If the student is planning to travel by car, he/she should visit the service garage before leaving. A recent survey indicates four out of five repairmen tend to find more things wrong and charge higher rates for out-of-town cars than for cars owned by residents of their own community.
17. If the student is traveling and feels he/she has been taken advantage of for needed repairs, there are several things that may be done. Contact the local auto club, the nearest consumer agency, or perhaps the mayor of the town.

Step 6 - BUYING A USED CAR:

Generally there are three ways in which used cars can be purchased - the private owner, the used car dealer, or the new car dealer. Each of these sources has its good points and its drawbacks, and various experiences can occur when students are purchasing cars.

The ABE teacher is not expected to be a mechanic or a salesperson; the intent here is only to provide some information concerning "buying tips" which can be related to and used by the ABE student.

Many cars are advertised and sold by private owners through the newspaper and "word of mouth." The good points of purchasing a used car from a private owner are:

1. They can tell the buyer the history of the car.
2. They are not adding a "commission" to the selling price.
3. They will usually debate the price.

The negative points are:

1. They do not provide a guarantee.
2. They have nothing to lose by selling a "lemon."

The used car dealer will generally have a large selection of cars to choose from; however, for the most part these are cars which could not be sold by new car dealers, and were purchased at auto auctions.

The used car dealer cannot relate the history of the car, and does not provide any kind of service shop where the car can be repaired if necessary.

The new car dealer will usually handle reputable used cars because their business reputation is at stake, and they would have the most to lose.

The new car dealer will often give some form of guarantee with the car, and usually provides a service shop if needed.

In dealing with any of the above sources, the student should be aware of the "blue book"

figures - the estimated worth of a particular year and model. Most banks, insurance companies, and car salesmen have this book, and a simple phone call by the student will give him/her some idea of the car's worth.

Suggest to the student that it is always a good idea to have a qualified person "check out" a used car. Before the student buys a used car, the following examination and test driving steps should be considered.

Exterior Inspection: Look closely at the smoothness and reflections along body surfaces for ripples, roughness or mismatch of paint. This will indicate whether the car has been wrecked and repaired, or if it has rusted out and been replaced with a filler material. Study carefully the lower portion of the car, especially noting the rocker panels, door sills, behind bumpers, and lower fender areas. Look under the car, and if in doubt, ask to take and have the car hoisted on a lift for closer inspection. Remember to check the inside of the trunk area, and stay away from rusted-out cars.

Interior Inspection: Begin with an inspection for signs of abuse. Check the seats, carpet, under floor mats, etc. as these are places that will often tell how the car was cared for. Examine the rear window deck for signs of leakage. Try all power accessories such as power seats and windows. Operate all door locks and window handles. Play the radio, and try the windshield wipers and washers. Honk the horn and test the heat fan and air conditioner, if the car has one.

Under the Hood: Start the ignition by turning the key, but do not start the car. Check to see if all gauges and "warning lights" work. Start the engine and check to see if the "warning lights" go out. Listen carefully for any unusual loud noises in both the starter and engine.

Additional Inspection: Brakes - steadily push in on the brake pedal and count to 25. If the pedal continues to decline slowly, repairs will soon be needed.

Front end wheel bearings or loose ball joints - shake the front wheel back and forth by grasping the top of the wheel and pulling toward you. A lot of play could mean added expense.

Shock absorbers - push down on each corner of the car and release. If the car continues to bounce, it probably has worn shocks.

Tires - those that are worn unevenly may be due to needed front end repair. Remember to check the spare also.

Test Drive: Emphasize that under no condition should a student buy a used car without test driving it first. Test drive the car in both city traffic, where there are many stops and starts and rough streets, and on the open road where you can accelerate quickly and notice handling ability at high speeds.

While performing the test drive, note the smoothness of the engine (does it miss), the steering play, the brakes (do they grab), and the shifting of the transmission.

Step 7 - NEW CAR TIPS:

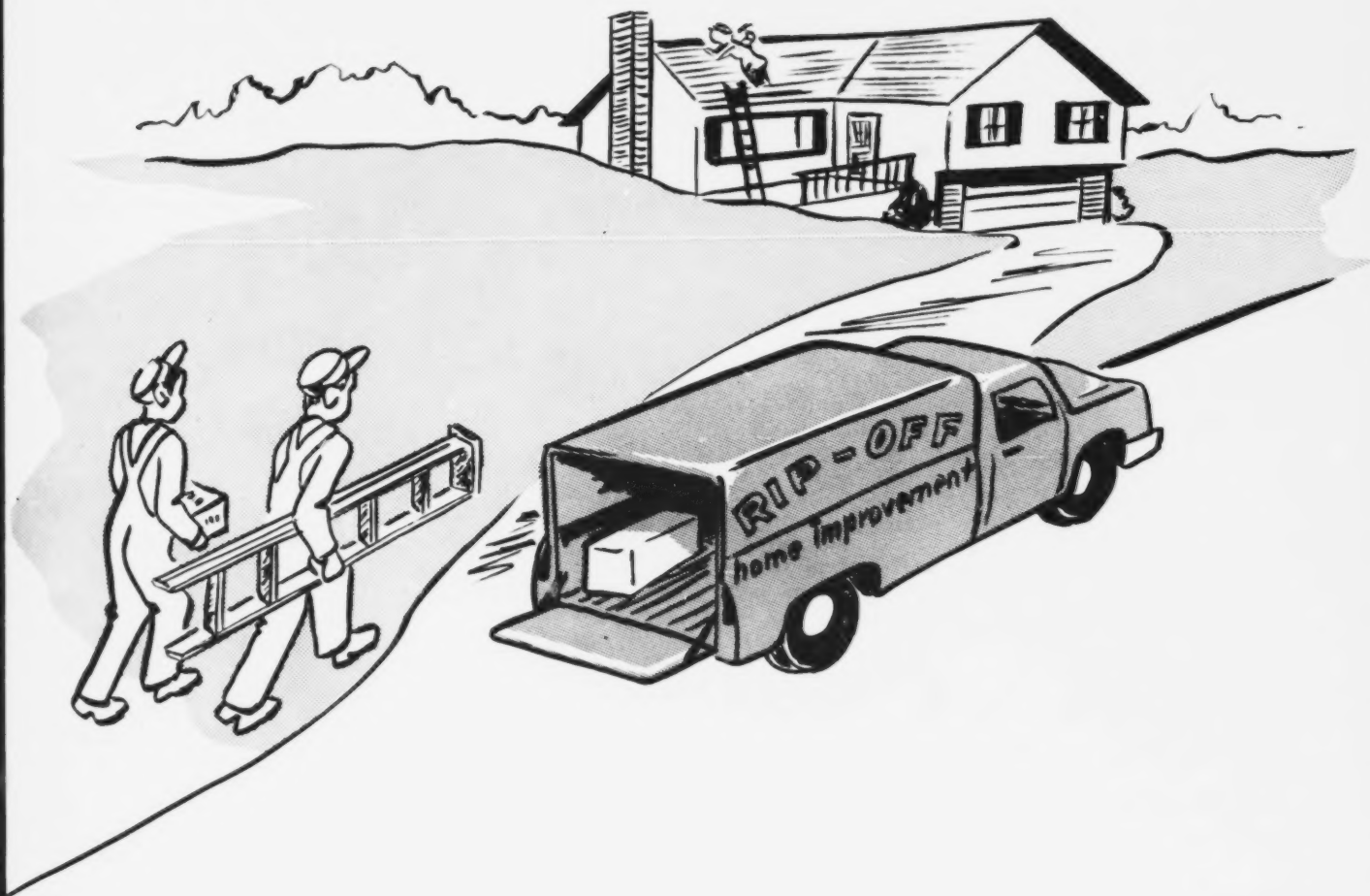
With the high cost of new cars, careful discussion is a must in order that the students get exactly what they want. The following suggestions may be helpful:

1. When buying a new car it is best to deal with a conveniently located, competent, reputable dealer.

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2. Students should be aware of what they can afford and the size of car they want; compact, full size, etc.
3. If they take trips, they must consider the fact that most imports cannot be serviced easily; there aren't many dealers available.
4. Choose options carefully.
5. New cars are fully warranted and immediate service and repairs are usually taken care of; however, the student should inquire explicitly as to what the warranty covers.

Fraudulent Persuasion



FRAUDULENT PERSUASION

No one is immune to the variety of schemes and swindles which are existent in today's complex society. Because of this, we have included in our consumer economics area this unit on fraudulent persuasion. By no means could we include all the tactics of fraud existent in today's society; however, in our step-by-step approach are some helpful hints the ABE teacher may wish to bring to the attention of the ABE student.

It is advisable that the upper-level students be directed to the public library where they may read any number of in-depth writings concerning the areas of frauds and swindles, commonly known as "rip offs."

Through interviews and discussions with ABE classes in the Warren, Ohio area, we found this to be a real concern of the ABE student.

Step 1 - AWARENESS:

The teacher should try and make the student aware of why frauds or swindles work. We all have a certain amount of greed within us, and even though we are basically honest, we still like to obtain materials or services easily and for little money. Therefore, the success of most frauds lie in the victim's own greed.

Step 2 - BECOMING KNOWLEDGEABLE:

Following an awareness, the students should become familiar with some of the more common areas of fraudulent persuasion. They may then wish to pursue one or all of the areas to become aware of preventative suggestions. As mentioned earlier, there are too many areas to cover; therefore, the types included here are ones which are most likely to occur.

Common Areas of Fraudulent Persuasion

Frauds associated with:

1. Mail
2. Home improvements
3. Investments
4. Charities
5. Banking
6. Misrepresentative advertising

The following steps will concern themselves with brief explanations of common fraud types, and suggested tips for prevention.

Step 3 - MAIL FRAUDS:

Mail frauds come in various forms, but usually are in the form of advertisements offering "free gifts," or get-rich-quick schemes and can be found in reputable magazines. These advertisements may hit hundreds of thousands of people per year. Some common examples of such schemes include:

1. Song writing - reply to an advertisement, write a song and send it to a company; company will reply it is very good and could make the big time -- just send more money so they can push the song.
2. Photo contests - send in photo of child that may be used in advertising, etc. Company replies favorably, and all you have to do is send additional money so they can further sponsor the picture in the right direction -- you could make millions.

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3. Weight reducing - this particularly plays on a person's appearance, and stresses how different your life will be if you try their product.
4. Body building - here the appeal is to a person's vanity, and falsely builds up the individual's hopes.
5. Chain letters - illegal-pyramid type structure which requires the recipient to send out multiple copies of a letter, inserting his or her name at the bottom of a list, and sending money to the first name on the list. The teacher should emphasize this racket because it looks good on paper, and sounds as if it should work. The geometric progression must not be broken for it to work correctly -- but it usually is. For example, we randomly sampled 116 people from various socioeconomic classes and found that 68 students had, at some time in their lives, taken part in a chain letter; of these, only 4 had experienced any success.
6. Charitable solicitations scheme - solicitations should always be checked before you donate your money. This can be done through the Better Business Bureau. Remember, even though a well-known name may be connected with the charity, it is wise to investigate how much of your contribution actually goes to worthwhile ends.
7. Work-while-at-home schemes - these schemes usually require the individual to make an investment, or enroll in a home-study course. Encourage students to become suspicious of any offer of a distributorship for selling door-to-door, or in handling vending machines, etc. It is good practice to ask for names and addresses of people already operating these businesses; then contact them. Seek professional advice before becoming involved with any contracts.
8. Establishing claim to an estate - thousands of dollars per year are spent by people contacted in hopes of claiming a valuable estate bearing the same name. This is a racket that keeps your hopes high and bank account low as you pour out money built on false pretenses. If you wish to pursue a legal investigation, contact a reputable lawyer.

The ABE teacher does not want to create the impression that all mail advertising is a "rip off." Much legitimate business is conducted through advertising. It is suggested that the following "tips" be carefully stressed with your students.

1. If you receive an advertisement, mail order, or letter that looks suspicious, do not answer it - hold onto it, including the envelope, until you can get additional advice from friends, relatives, etc., or get in touch with a postal inspector (usually contacted through the post office or your mailman). If the item appears fraudulent, you may also want to notify the Better Business Bureau or the Federal Trade Commission. They should be located in the phone directory.
2. If you receive unordered merchandise that has not been sent C.O.D., you are entitled to keep it. If you decide to return the merchandise, it is not necessary to pay return postage unless the package has been opened.

Step 4 - HOME IMPROVEMENT RACKET:

Anyone who lives in a house knows there are continuous repairs and up-keep to be done. The home-improvement swindler also knows this, and is better prepared to do business than you are when he/she comes knocking on your door. The "know-it-all handyman" just passing through, is a person to beware of.

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There are many tempting tactics used in this racket; such as the person who is in the neighborhood doing a job, and happens to have extra material (driveway sealer, mortar to point up chimneys, tree spray, fertilizer for your lawn, etc.) for which he can give you a good bargain.

How about the furnace or termite inspector who will check your home for a small "reasonable" fee; just sign this contract which states he has done the work.

Beware of the company representative who has chosen your home as a model for the neighborhood and would like to make the following improvements ... all you have to do is agree to show your home to your neighbors. Isn't that fantastic ... sign here! These tactics are known as the "too good to be true" deals.

The method of approach varies, but the game is the same, and most of these "con" men are smoothly prepared operators. Remember, unconditional lifetime money-back guarantees are only as good as the company that stands behind them - and some companies have a strange way of disappearing.

There are many facets of the home improvement racket, and good books have been written concerning them.

As an ABE teacher, you can at least relate the following steps in helping your students avoid the home improvement rackets.

1. When you need repairs, get bids in writing from locally known, reputable companies.
2. Never deal with out-of-state itinerates (people passing through).
3. Always understand a contract fully; never sign it on the spot.
4. Check companies with the Better Business Bureau, or call the bank for credit ratings. You can also contact your local home builders association.
5. Ask for names and addresses of people for whom the contractor has done previous work. This is one of the best methods of checking.
6. Call competitive companies for comparison shopping, free estimates.
7. Have in writing the exact specification of what is to be done.
8. If a contractor wants you to sign immediately; refuse, even if he offers free gifts or reduced rates.

Step 5 - INVESTMENTS:

Investment frauds are usually directed toward the "white collar victim" in such schemes as buying land falsely represented, or investing great sums of money in speculations; such as, oil drilling, etc. However, the victims of investment swindles do not have to be associated with great wealth. As mentioned earlier in this unit, investments in dealerships or distributorships for selling products (usually door to door) are very tempting when made to sound glamorous and important. It is significant to note that "starting part-time businesses" and "buying retirement land," are common investment schemes with senior citizens.

1. The best advice to give your students is to ask for names and addresses of other people

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involved at your level, and check with them concerning their success with their investment.

2. Check with the Better Business Bureau.
3. Seek competent legal advice before signing anything.
4. Never buy land sight unseen, and without a title search. The land may be at the bottom of a lake!

Step 6 - CHARITIES:

In the fraud associated with mail section, charities were discussed; however, fraudulent charitable solicitations can also be disguised in the form of door-to-door campaigns, telephone calls, and canister collections in a place of business.

Everyone becomes involved with charity drives sooner or later, and the majority seem to be very worthwhile causes, doing much needed service.

All the ABE teacher can do is to emphasize caution. Any organization you have never heard of can be checked through the Better Business Bureau or the local United Way office.

Suggest that the student simply tell the person collecting, that after verifying the organization, they will gladly donate or send a check. Also, the careful reading of labels and literature on collection canisters is important.

Step 7 - BANKING:

From time to time you read about people being swindled out of their life savings, etc. "Rip off" artists have no conscience when it comes to victims, be they senior citizens or young people.

The best advice you can pass on to students is to give no money or information concerning your banking affairs to anyone. This holds true even for those callers who identify themselves as bank examiners or officials.

Always check with your bank directly if in doubt about any activities.

Step 8 - MISREPRESENTATIVE ADVERTISING:

Discussion groups are one of the best ways for the ABE teacher to explore and expose misrepresentative advertising.

Misrepresentative advertising can be anything from TV commercials dealing with vegetable slicers that are made to look miraculous; popular hit records that are not performed by the original artists; to magazine advertisements dealing with diet pills and cigarettes that are like springtime in the country.

It is generally a fact that people don't just look at the product, but make associations with the way it is advertised.

To initiate discussions, try asking the students if they had ever gone to a theatre expecting to see a fabulous movie, based on fantastic, appealing previews or advertising; only to leave the theatre disappointed and with the feeling that they had wasted money. Or discuss the tire that is advertised in the paper for a very low amount of money; however upon arrival at the

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store, the person finds this tire is a blackwall for a 13" wheel and the price does not include sales tax, federal excise tax, mounting, balancing, or the fact that you must have a trade-in.

This type of advertising cannot be avoided; the student is a captive audience susceptible to TV and magazine commercials coming into the home, as well as billboards along the highway.

There is no set process which the ABE teacher can use to make the ABE student aware of misrepresentative advertising. As mentioned earlier, group discussion is one means of sharing experiences and becoming aware of frauds. However, the teacher can suggest the following points as precautions for all buying:

1. Check and know the price range of the purchase you intend to make.
2. Name brands usually stand more to lose if falsely advertised.
3. Ask the opinion of someone who has already purchased this article or product.
4. Read the advertisement carefully.
5. Ask if you can try out the product, or see a demonstration.
6. Be sure the store will stand behind the product after you have made the purchase.

It would be wise for the ABE teacher to make the students aware of consumer guide books and magazines; these can usually be found in the public library.



***Consumer
Complaints***

CONSUMER COMPLAINTS

Everyone has had a complaint at one time or another. The complaint may have concerned a faulty new appliance or an incorrect bill coming from a computer. In such situations, students should file a written complaint.

Students should be aware that a large number of consumer complaints don't get answered for a number of reasons. If they don't receive a response to their complaint, they should check the manner in which it was handled. For example, they may not have included an address on their letter; explained the problem; or given the necessary facts and figures to get the action they wanted. Some complaints go unanswered because of negligence or irresponsibility; or perhaps the company had no intention of settling the grievance fairly.

Bring to the students' attention the fact that there are ways to make a complaint that will get maximum satisfaction. Following are steps to consider in issuing a complaint.

Step 1 - COMPLAIN PROMPTLY:

Students should not wait a long time before asking for a replacement. Have the students write down their problems (with products and services) when they occur, and send them by way of registered mail to the manufacturer of the product, or company providing the service. The law requires a prompt answer when the student follows this procedure.

Step 2 - DIRECTING THE COMPLAINT:

Make sure the students are aware of the right place to issue a complaint. Usually sales people or customer service can take care of routine matters.

Store managers are the next step for adjustments and, of course, the credit department is the place to start with billing errors or other credit problems. Students should realize that top management is usually the final step within a company when they fail to get results at a lower level.

If the complaint deals with a service performed by a private contractor, etc., it should be issued with the Better Business Bureau or the Builders Trade Association.

Recently newspapers, radio, and especially television have been concerned and have helped citizens with problems when they have exhausted all other avenues.

Students must remember to be accurate when reporting their complaints, and directing it to the right person or place. The local phone book carries most names and addresses of businesses and organizations. The public library may be of assistance in securing names and addresses of distant companies.

Step 3 - BEING SPECIFIC AND ACCURATE:

Persons issuing complaints must identify the product, service, or incident they are writing about. Reasons for writing should be given, including a brief description of the problem. If possible, students should mention names, places, dates, times, prices, and identify numbers on products, accounts, sales slips, statements and orders. Particularly important are figures, if their letter is likely to go through a computer programmed to deal with numbers or factual data.

Step 4 - BEING RESPONSIBLE:

Students will get a more sympathetic and satisfactory response to gripes if their approach is

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reasonable and they acknowledge the problems of the person who will receive their letter. For example . . . "I realize a computer automatically sends out statements and errors are difficult to correct, but" or "I understand that everyone has a bad day now and then, including salespeople, but" Remember an insulting or threatening letter with unrealistic demands will certainly antagonize the reader of the letter and do little to help the student's cause.

Step 5 - SUGGESTING A SOLUTION:

Students should state what they expect to be done in the letter of complaint - refund, correction, adjustment, replacement, or an apology. Perhaps they won't always get results, but at least the company will be aware of the consumers' feelings toward their product or service.

Step 6 - BEING PREPARED:

Records of purchases and other pertinent data should be readily available in the event the students need them. They should be able to present their case in writing, and include all the facts and copies of papers or documents related to the situation; such as, contracts, warranties, sales slips, bills and receipts. The students should keep copies of everything, especially correspondence.

Step 7 - BEING PERSISTENT:

Usually one letter will solve the problem. However, students shouldn't hesitate to write a second, or third letter of complaint if necessary.

Step 8 - THE LETTER OF COMPLAINT:

The letter of complaint may be difficult for some ABE students, and could possibly require the assistance of the teacher, aide, or another student.

The following information should be included in a letter of complaint; however, unless the students keep good records, they will be at a loss for much of this information.

1. Date, student's name, address and phone number.
2. Address, name, title, department, organization of the person to whom the student is writing.
3. Subject of the complaint, name of product, model number and year; briefly describe service or incident with specific information.
4. Information regarding purchase: place of purchase, price, date, sales slip, sales person's name and number, charge account number, bill receipt.
5. Reason for complaint: billing error, defective product, product not delivered, warranty not honored, product performance failure, treatment by personnel.
6. Results expected: money refunded, repairs made, apology, compensation for inconvenience, adjustment or correction, other.
7. State previous action taken: specify names, dates, facts, results and lack of results.

CONSUMER COMPLAINTS

Step 9 - ALTERNATIVES FOR COMPLAINTS:

The following list may give the ABE teacher some idea in directing the student who has a complaint. Each individual community and situation is different; however, these suggestions are fairly applicable ones.

Options for written complaints:

1. Letter to the editor
2. Consumer protection agencies
3. Federal Trade Commission
4. Underwriters
5. National Bureau of Standards
6. Food and Drug Administration

Personal contacts or written complaints:

1. Consumer leagues and action lines
2. Better Business Bureau
3. Mayor or other city official
4. Chamber of Commerce
5. Your local bank
6. A trusted friend
7. Small claims court

GLOSSARY OF TERMS

- ACCELERATION CLAUSE** - allows an installment creditor to declare the unpaid balance due immediately; can only be used if the consumer violates a provision of the contract.
- ACCOUNT** - a business relationship involving the exchange of money or credit.
- ADDITIVES** - a substance added in small amounts to something else in order to alter it.
- BALANCE** - the remainder of an account at any given time; what is still owed or lent.
- BANK** - a business establishment which performs monetary services.
- BANK BRANCH** - an extension of the main branch of a bank, usually located to serve a certain section of the community.
- BETTER BUSINESS BUREAU** - a source which consumers can contact to inquire about the credibility of a business or company.
- BUDGET** - a plan for income and expenditures for a certain amount of time.
- CANCEL** - to mark a check to show that it cannot be used again.
- CAPITAL** - any form of material wealth used or available for use in the production of more wealth.
- CHECKBOOK** - book containing blank checks and a register, is issued by the bank.
- CHECKING ACCOUNT** - a bank account in which checks may be written against amounts on deposit.
- CHECK REGISTER** - record keeping part of a checkbook.
- COLLATERAL** - property put up to secure a loan.
- CO-MAKER LOAN** - personal signature loan for which the lender requires the signature of another person who guarantees payment if the borrower defaults.
- COMPLAINT** - expression of dissatisfaction; grievance.
- CONDENSED** - compacted through evaporation to a thicker consistency.
- CONSUMER** - one who acquires goods or services.
- CONSUMER GUIDE** - prepared report comparing various brands of consumer articles.
- CONTRACT** - an agreement between two or more parties, usually written and enforceable by law.
- CREDIT** - the ability to get goods and services now by promising to pay for them at a future time.
- CREDIT CARD** - a card issued by business concerns authorizing the holder to buy goods or services on credit.
- CREDIT LIFE INSURANCE** - guarantees payment of the loan if the borrower dies before the loan is paid off. This insurance policy, on the life of the borrower, is not required by law, however it is frequently suggested by the lender especially if the loan is large.
- CREDITOR OR LENDER** - a person or firm to whom money or its equivalent is owed.
- CREDIT RATING** - an estimate of the amount of credit that can be extended to a company or individual without undue risk.
- CREDIT UNION** - a cooperative organization that makes loans to its members at low interest rates.
- COUPONS** - small negotiable certificates which entitles the bearer to certain stated benefits.
- DEDUCTIONS** - pertaining to paychecks, that which is deducted for certain taxes, social security, and other benefits. Gross pay minus deductions equals net pay.

GLOSSARY OF TERMS

DEFAULT - failure to meet financial obligations; failure to pay money when it is due.

DEPOSIT - to give money as a partial payment or security; to entrust money to a bank.

ENDORSEMENT - that which validates, such as the signature on a check.

EQUAL CREDIT OPPORTUNITY ACT - act designed to thwart discrimination on the basis of sex or marital status. Designed to equalize credit rights for women.

FINANCE - to supply the capital or funds for something.

FORGERY - the production of something counterfeit, to reproduce for fraudulent purposes.

FRAUDS, SWINDLES, SCHEMES - deceptions deliberately practiced in order to secure unfair or unlawful gain.

GUARANTEE - to assume responsibility for the quality or execution of a material or service.

INCOME - the amount of money or its equivalent received during a period of time, in exchange for labor or service, from the sale of goods or property, or as profit from financial investment.

INFLATION - an abnormal increase in available currency and credit beyond the proportion of available goods resulting in a sharp and continuing rise in price levels.

INGREDIENTS - something that enters into a mixture.

INSTALLMENT - one of several successive payments in settlement of a debt.

INVESTMENT - the commitment of money or capital in order to gain profit or interest.

ITEMIZE - to set down item by item in a fashionable order.

INTEREST - money paid by a person for the use of borrowed money.

ITINERATE - traveling from place to place, especially to perform some duty or work.

LOAN - a sum of money lent for interest.

NAME BRANDS - popular or common brands whose reputations have been tested.

NOTARY - (notary public) a public officer authorized by law to certify documents, take affidavits, and administer oaths.

NUTRITION - the process of nourishing; a living organism assimilating food and using it for growth.

OVERDRAFT CHECKING ACCOUNT - checks can be written on this form of borrowing to a pre-approved line of credit, even if the balance no longer covers the checks. The overdrawn amount becomes a loan, and interest is paid on that amount.

PASSBOOK - record of deposits and withdrawals for a savings account.

PERSONAL SIGNATURE LOAN - this type of loan is given solely on the borrowers signature. There may be a higher rate of interest charged with this loan.

PRINCIPAL - the original amount of a loan or investment.

REPOSSESSION - the "taking back" of goods by the seller upon default of payment.

RIP OFF - common term for a fraudulent deal; being taken.

SAFE DEPOSIT BOX - a fireproof metal box or vault for the safe storage of papers, jewelry or other valuables, and is usually rented through a bank.

SAVINGS ACCOUNT - an account that earns interest for the depositor, at a bank or other savings institution.

GLOSSARY OF TERMS

SERVICE CHARGE - charge to the customer having a checking account, for services to that account.

SIGNATURE - the name of a person as written by him/herself; the act of signing one's name.

SOCIAL SECURITY - measures by which the United States Government provides economic assistance to persons faced with unemployment, disability, old age, etc.; financed by assessment of employers and employees.

SOLICITATION - the seeking of trade, contributions, magazine subscriptions, etc.

TELLER - a bank employee who receives and pays out money.

TRAVELER'S CHECK - an internationally redeemable draft in various denominations, valid only with the holder's own endorsement against his original signature.

WITHDRAWAL - the process of taking money out of a savings account.

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324 First St., Liverpool, N.Y. 13088

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Federal Bar Building West
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Materials Typically Found
In An A. B. E. Center

(1, 2, 3) Indicates Reading
Level

<u>Understanding The Automobile</u> (3)
<u>Understanding Consumer Credit</u> (3)
<u>Knowing How to Budget and Buy</u> (3)
<u>It's Your Money, Book II</u> (3)
<u>It's Your Money, Book I</u> (3)
<u>Insuring Your Life, Income, and Property</u> (3)
<u>An Approach to Consumer Education for Adults</u> (3)
<u>You and Your Money</u> (2)
<u>Programmed Math Book II</u> (2)
<u>Programmed Math Book 10</u> (2)
<u>Programmed Math Book 9</u> (2)
<u>Get Your Money's Worth</u> (2)
<u>Family Money Management</u> (2)
<u>Buying Guides - Family Development Guides</u> (2)
<u>Reading For A Purpose</u> (1)

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Automobile Expenses
Buying Home Furnishing Appliances, Making Improvements
Buying Wisely, Sales
Charge Accounts, Credit Cards, Credit Contracts
Checking and Savings Accounts, Banking, Interest
Comparison Shopping
Figuring Expenses, Spending Plans, Budgets
Food, Clothing and Shopping
Furniture Facts
Home Buying and Financing
Installment and Interest Loans, Borrowing Money
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Protection, Safeguards in Buying, Legal Protection
Understanding Your Earnings Statement - Taxes

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Sherry Royce, ABE Director
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1110 Enterprise Road
E. Petersburg, Pa. 17520

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203 Petrie Hall, School of Education
Auburn Univ., Auburn, Alabama 36830

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1909 K St. N.W., Washington, D.C. 20006

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Library

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Student Activity Book

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**ADULT BASIC EDUCATION
WARREN CITY SCHOOLS
WARREN, OHIO**

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Project REAL: Relevant Education for Adult Learners

Consumer Economics Student Activity Book

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OPENING A CHECKING ACCOUNT

VOCABULARY

account

balance

bank

"bounce"

cancelled

checkbook

deposit

endorse

forge

net

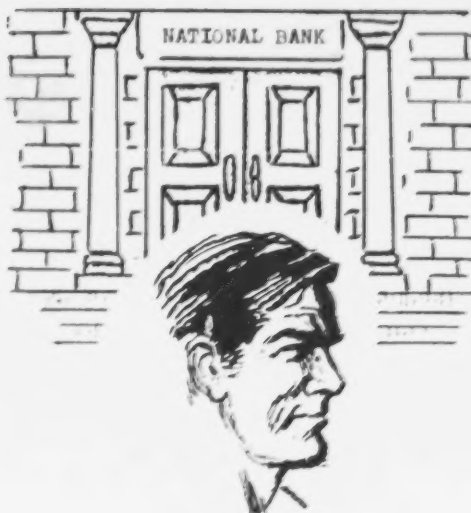
payee

receipt

signature

teller

two-party checks



Today is a very important day in my life. I went to the bank to open my first checking account. You may think that I am making a big deal out of a small thing, so let me tell you my story.

My name is Paul Fraser, and I am twenty-two years old. Also, I was just released on parole for a crime I hardly knew I committed. Banking has a lot to do with the reason I was put behind bars in the first place.

Three years ago my cousin, Ben Murphy, asked me to drive him to the bank because he was going to make a large withdrawal. I waited in the car while he went into the bank. I should have questioned him more about his story, since neither of us had a job to earn enough money to put into a bank account.

You can probably guess the rest, the police came and arrested us. According to the law I too was guilty for being there with Ben. While I was in prison, I vowed to do more with my life than I had up until that time. I started studying so that I could get my high school diploma when I got out. I studied hard and soon was paroled. I got my diploma, found a job, and now I get a paycheck each week.

Now, that's enough about me. Let's get back to my second banking experience. This morning when I entered the bank I went to the window marked "New Accounts." The teller told me about the different types of checking accounts and helped me decide which would be best for me. The type of account I chose has a ten-cent service charge for each check I write.

Later, I filled out a card with my name, telephone number, place of employment and social security

OPENING A CHECKING ACCOUNT

number. Then they asked me to sign the card the way I will be signing my checks. I then gave the teller my first deposit which opened my account. I was given an account number, some checks and a check record book.

I plan to make regular deposits every payday. The bank gave me deposit slips to fill out with each deposit. I include my name and address, date, account number and the amount of deposit.

My desk at home has a drawer set aside to hold my checkbook, deposit slips and all other papers concerning my bank account. In this way, I am less likely to lose, misplace, or have stolen any of my important papers.

Also, there are many advantages to having a checking account that I never realized before. I can pay my bills through the mail without driving across town. It also serves as a record of the bills I pay.

I am proud of my experience today. It feels good to be a part of the banking system. Now I can contribute to an establishment that helps people, including myself, handle their money.

ACTIVITIES

I. Give four reasons for having a checking account.

1. _____

2. _____

3. _____

4. _____

II. What is a checking account?

III. Where would you go to open a checking account?

IV. What is another name for a check record book?

OPENING A CHECKING ACCOUNT

V. Fill out the check correctly.

	150	
	19	56-269 412
DAY TO THE ORDER OF	\$	
		DOLLARS
Youngstown Road Office The Union Savings & Trust Company Warren, Ohio 4		
MEMO		
⑆04120269⑆ 60470⑆		

VI. Make out the deposit slip below.

CHECKING ACCOUNT DEPOSIT TICKET			
	CASH	CURRENCY	
		COIN	
C			
H			
E			
K			
S			
TOTAL FROM OTHER SIDE			56-266 412
TOTAL			USE OTHER SIDE FOR ADDITIONAL LISTING. BE SURE EACH ITEM IS PROPERLY ENDORSED
LESS CASH RECEIVED			
NET DEPOSIT			

DATE _____ 19____

SECOND NATIONAL

THE SECOND NATIONAL BANK OF WARREN

Warren, Ohio, 44462

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT

VII. Name the three common types of endorsements.

1. _____
2. _____
3. _____

OPENING A CHECKING ACCOUNT

VIII. Give an example of each.

IX. True or False

- ___ 1. In order for a check to be deposited or cashed, it must be endorsed.
- ___ 2. Checks are safer than cash.
- ___ 3. If someone forges a signature, the bank will not stand the loss.
- ___ 4. Most banks have a service charge for checking accounts.
- ___ 5. Another name for a check record book is record keeper.
- ___ 6. If a joint account is opened, two signatures will be necessary.
- ___ 7. Night deposits are available at most banks.
- ___ 8. All checks should be written with a pen.
- ___ 9. A full endorsement transfers payment to someone else.
- ___ 10. Most banks will send the customers a monthly statement of their account.

OPENING A CHECKING ACCOUNT

X. Reading Exercise

Underline the word which will make the sentence correct according to the story.

1. Paul was very (happy sad) to open a checking account.
2. Inside the bank he spoke to the (cashier teller).
3. Paul was arrested for (robbery jaywalking).
4. Paul planned to make regular (deposits withdrawals).
5. On the deposit slip Paul must put his (telephone number account number).
6. A criminal sometimes tries to (forge autograph) a signature.

XI. Make up sentences with the following words.

checks

payee

deposit

receipt

signature

joint account

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

SAVINGS ACCOUNTS

VOCABULARY

account

credit union

deposit

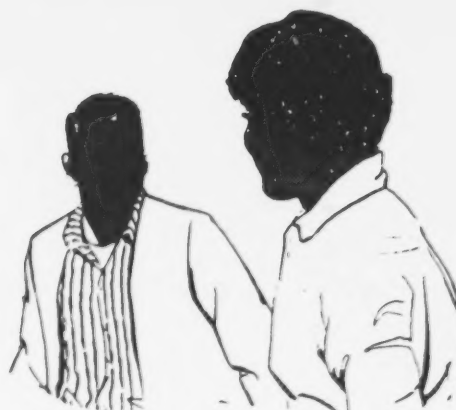
manager

passbook

regularly

required

withdraw



Nancy and David have just been married. At this time in their lives they are both working and have a good income. Some day, however, they plan to have a family and own their own home. This will take money so David and Nancy began to plan for the future.

David told Nancy he would call some savings and loans and a few banks to see what percent of interest they are paying. All savings places do not pay the same percent of interest.

Several days later David told Nancy what he had found out.

He said, "The savings and loans pay the highest daily rate of interest, and we won't lose any interest if we have to withdraw any money. We will also be able to get a home loan there."

Nancy said, "You are right, but when the time comes, I feel we should again shop around for a home loan."

The next week Nancy and David went together to open their savings account. David took his social security number with him because it is required to open new accounts. They filled out cards with their name, address, telephone, occupation and birthplace. The manager of the savings and loan helped them open the account. Both Nancy and David had to fill out a signature card. Now they can both make deposits and withdrawals from the account. They gave the manager \$50 as their first deposit. He entered the deposit in their passbook and cautioned them to put the book in a safe place.

Since Nancy and David plan to have a family in a few years, they decided to save all of Nancy's paycheck. By getting along on one paycheck Nancy will be able to quit work when they have children. By saving one paycheck they will have a nice down payment for a home.

David and Nancy realize it is important to save

SAVINGS ACCOUNTS

regularly. Every three months interest is posted in their passbook. They both agree it is fun watching their savings and interest grow.

ACTIVITIES

I. Match these opposite words.

- | | |
|---------------|--------------|
| ___ open | 1. withdraw |
| ___ saving | 2. expenses |
| ___ deposit | 3. manager |
| ___ regularly | 4. spending |
| ___ income | 5. close |
| ___ teller | 6. sometimes |

II. Write T if the sentence is true and F if it is false.

- ___ 1. David and Nancy decided to save their money at a bank.
- ___ 2. You usually receive interest on a Christmas Club account.
- ___ 3. If a savings and loan is a member of FDIC its money is insured.
- ___ 4. Another place to save and borrow money is a credit union.
- ___ 5. All savings places pay the same rate of interest.
- ___ 6. You pay income tax on the interest you get on your passbook.
- ___ 7. Regular saving is the best way to save money.
- ___ 8. It is difficult to withdraw your money from a savings and loan.
- ___ 9. Opening a savings account is easy if you know your social security number.
- ___ 10. The teller usually makes out the deposit slip at a savings and loan.

SAVINGS ACCOUNTS

III. Using the following words fill in the blanks.

savings bonds

passbook

loan

signature card

safety deposit

credit unions

1. You should tell the bank immediately if you lose your _____
_____.
2. A _____
must be signed by the persons using the account.
3. A savings and loan is a good place to buy _____
_____.
4. Savings and loans and banks _____
money to buy cars.
5. Full service banks have _____
_____ boxes to rent for valuables.
6. _____
are another good place to save and borrow money.

IV. Write the number of syllables in each of these words.

paycheck _____

payroll _____

account _____

goal _____

deduction _____

monthly _____

payments _____

regularly _____

bonds _____

saved _____

BUDGETING MONEY



VOCABULARY

budget

deductions

estimate

goal

recreation

retirement

utility bills

"Why am I always waiting for payday. I never seem to have extra money," said Joan to her husband, Ray, one night after supper.

"Our old car is in bad shape. We will need to buy another one soon. I wonder if we can afford it," answered Ray.

"I have often thought about making a budget, but I never did. I really wouldn't know where to start. I'll go to the library tomorrow and see if I can find a book about budgeting money," said Joan.

Joan found a book and the next evening she and Ray started to make a budget. First they made a list of the expenses they had to pay such as utility bills, food, clothing, doctor and dentist bills, insurance, car expenses, taxes and recreation. Then they listed future goals such as a new car, education for their children and retirement. They tried to estimate the cost of these goals.

Next they listed their income for a month. They wrote the amount on Ray's paycheck after all deductions were taken out. Along with his regular job Ray worked part time at a gas station; so, Joan said to be sure to add that income, too.

Joan thought the next step was fun. She made a chart showing how they were spending their income for one month. Each day she listed what was spent for an item.

After making the chart Joan and Ray realized that they were spending more in a month than their income. They needed to think of ways to spend less money. Joan thought she could spend less on clothes, and Ray could take his lunch to work instead of eating out. For the next month they made a spending plan. This was the chart they used.

BUDGETING MONEY

Expenses	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Planned Total	Actual Total
Food														
Clothing														

Ray and Joan tried their budget for a few months. It was not working as well as they thought. They did have some money left at the end of each month, but not enough to save for a car and pay unplanned expenses. They decided to rewrite their plan. They liked having a budget because they felt they were spending their money more wisely.

ACTIVITIES

I. If you were making a budget what would be your list of goals for the future?

- 1.
- 2.
- 3.

II. Do you think with your present income you will achieve these goals?

III. Make a list of some of your everyday expenses.

- | | |
|----|-----|
| 1. | 6. |
| 2. | 7. |
| 3. | 8. |
| 4. | 9. |
| 5. | 10. |

IV. What ways can you think of to help give you more spending money?

- 1.
- 2.
- 3.

V. What do you think about making a budget?

VI. True or False

- ___ 1. This was the first time Joan and Ray made a budget.
- ___ 2. One budget can be used month after month because prices never change.
- ___ 3. Joan didn't think a part time job would help their budget.
- ___ 4. The future goals they listed were utility bills, doctor expenses and food bills.
- ___ 5. A budget can help you spend your money wisely.

VII. Match the word in column A that goes with a word in column B.

A	B
budget	income
utility bills	future plans
goals	spending plan
pay check	expenses

CREDIT AND WHERE TO GET IT



VOCABULARY

credit

installment loan

interest

"loan shark"

small loan company

to charge

"Guess what happened to me today?" Maria said to Angela as they were riding to night class at school. "My refrigerator quit running and I had to have a repairman come to look at it."

Angela could tell by the tone of Maria's voice that the news was not good.

"What was wrong with it?" she asked.

"Well, the motor burned out and the man said it would cost a lot of money to get it fixed. It's fifteen years old and Bill and I should have been expecting trouble," answered Maria.

"What are you going to do now?" asked Angela.

"We'll just have to get a new one. It's silly to put money into repairing that old one. The problem is - we don't have the money. A new one is going to cost several hundred dollars. Bill doesn't want to use the money we saved or borrow from the credit union."

"Bill said there's a guy at work that would lend us money but the interest he charges is really high. We don't want to deal with a 'loan shark' - that's trouble. There are small loan companies but - . We'll have to borrow the money somewhere or charge the refrigerator at the appliance store," continued Maria.

"You can't live without a refrigerator, Maria," said Angela. "Have you ever bought anything at the appliance store?"

"No," Maria replied, "but it shouldn't be too hard to do. We've always paid our bills on time and our credit at other places is good."

"You and Bill are paying for your house, aren't you? Where do you have your house loan?" questioned Angela.

CREDIT AND WHERE TO GET IT

"We borrowed money from the Federal Bank for our house. We used to have a car loan there, too."

Maria realized that Angela was trying to help solve her problem. She needed some good advice and Angela was a good friend.

Angela and her husband had just bought a new T.V. set and had gone to the bank to borrow the money. She told Maria about it and what they had learned about interest charges at different places.

"Maria, the appliance store is going to charge you 18% interest a year on the money you owe them. The bank will charge you about 14%. That's the difference of a lot of money on a two-year loan. Why don't Bill and you go to your bank and ask about an installment loan?" Angela asked slowly.

"We had to have 10% of the cost of the T.V. For you that would be less than the repair on your old refrigerator.

Maria had a few things to tell her husband when she got home from school. Maybe the broken refrigerator wouldn't be such a tragedy after all.

ACTIVITIES

I. Choose the right meaning.

1. money down

- a. money in your pocket
- b. cash paid before a loan
- c. money in a savings account

2. loan shark

- a. a person who lends money at a very high interest rate.
- b. a person who lends money at no interest.
- c. a person who lends money at a low interest rate.

3. credit union

- a. an organization that keeps a record of credit.
- b. an organization that only lends money.
- c. an organization where one can save and borrow money.

II. Fill in the missing words:

1. Maria and Bill needed to _____
money. (borrow, save, spend)
2. They had their house loan at the _____
_____ (credit union, loan company, bank.)
3. Buying a refrigerator on credit would cost _____
money than with cash. (less, the same, more.)
4. Angela bought a T.V. with _____
(cash, an installment loan, savings.)
5. Maria learned that stores charge _____
interest than banks. (more, less, the same.)

III. Fill in the missing letter.

cr _ dit un _ o _

ref _ ig _ rato _

h _ ndred

ap _ lian _ e

inst _ llme _ t

i _ ter _ st

advi _ e

bo _ _ ow

IV. If you had a problem such as a broken refrigerator, how would you solve it?

CREDIT BUYING - JUST HOW IT WORKS



VOCABULARY

conservative

debt

engaged

expenses

inexpensive

installment payments

manageable

miscellaneous

take-home pay

utilities

utility bill

It was spring and in two months Russ and Esther were going to be married. All the plans for the wedding were made. Even the invitations were printed and waiting to be addressed.

Russ and Esther had already decided to rent an apartment and were lucky to find a small one that wasn't too expensive. The best part of all was that some of the utilities were paid by the landlord. The kitchen had a stove and a refrigerator that were "built-in". Buying these two things wouldn't be necessary.

The young couple needed to buy some furniture and had looked in every furniture store in town. Everything was very expensive and, just like everybody else, Russ and Esther didn't have a lot of money to spend on furniture. Realizing that they would have to go into debt to buy the furniture they needed, the engaged couple decided to find out just how much they could afford to pay out a month in installment payments.

Esther was working too; but to be on the safe side, the couple decided to count on Russ' income only. After all they might want to start a family and Esther wouldn't be earning any money at that time.

According to the Associated Credit Bureau of America, and the American Collectors Association, Russ and Esther found out these things to use as a guide:

1. The most a person should owe in installment payments would be 20% of the monthly take-home pay.

Example: Russ earns \$10,000 a year. His monthly take-home pay is \$660. 20% of \$660 is \$132. The most Russ and Esther should have in installment payments would be \$132.

2. A manageable amount a person should go into debt in installment payments would be 15% of the monthly take-home pay.

CREDIT BUYING - JUST HOW IT WORKS

Example: 15% of Russ' \$660 is \$99. To manage, Russ' installment payments should not be more than \$99.

3. A conservative limit (low) would be $\frac{1}{3}$ of the take-home pay after allowing for food, clothing, and miscellaneous expenses.

Example: Russ' take-home pay is \$660. After thinking about rent and other expenses, the couple found there would be \$237.00 left. $\frac{1}{3}$ of \$237.00 is \$79. Russ' installment payments should not be more than \$79 a month.

After finding this information, Russ and Esther decided to buy an inexpensive bedroom suite, a couch, and end tables. The installment payments would be less than \$99. With Esther's income they decided to save and pay cash for a TV and some other small things they would need.

ACTIVITIES

I. Fill in the blanks

1. Russ and Esther need to buy furniture by paying _____ payments.
2. A _____ amount to pay on installment payments is 15% of the monthly take-home pay.
3. Furniture that is not expensive is _____.
4. Gas, electric, and phone bills are called _____ bills.
5. One-third of the monthly take-home pay after expenses would be _____.

II. Match the word with the meaning.

- | | |
|------------------|--------------------------|
| 1. cash | a. money owed |
| 2. monthly | b. money |
| 3. debt | c. careful or low |
| 4. conservative | d. every month |
| 5. miscellaneous | e. other kinds of things |

CREDIT BUYING - JUST HOW IT WORKS

III. Figure the limits of installment payments for the following people.

Mike's monthly take-home pay is \$500.

Example:	<u>Most</u>	<u>Manageable</u>	<u>Conservative</u>
Example:	20% of 500	15% of 500	1/3 of take-home pay, after expenses.
	500	500	
Do it	<u>X.20</u>	<u>X.15</u>	1/3 X 150 =
this way	100.00		

Jerry's take-home pay is \$800 a month.

<u>Most</u>	<u>Manageable</u>	<u>Conservative</u>
20% of 800	15% of 800	1/3 of take-home pay, after expenses.
800	800	
<u>X.20</u>	<u>X.15</u>	1/3 X 300 =

IV. Figure for yourself.

What is your monthly take-home pay? What can you afford to pay a month in installment payments?

Your take home pay	<u>X.20</u>	<u>X.15</u>	1/3 X
----------------------------	-------------	-------------	-------

FOOD SHOPPING

VOCABULARY

aisle

bakery

bargain

condensed

comparing

coupons

dessert

groceries

ingredients

label

produce

shop



Here I am in the supermarket again. It is so familiar to me now, but things didn't turn out so well the first time I attempted to shop for my own groceries. I had just moved out of my parents' home and into my first apartment.

I landed a good job with a construction company and was feeling quite proud of myself. My mother offered to do the grocery shopping for me, but I refused. After all, I was an adult and quite capable of shopping for my own food!

I boldly walked into the market and grabbed a shopping cart. I began walking down the aisles putting whatever looked good to me in my cart. This wasn't so hard, I thought, why do people make such a fuss about it.

As I walked by the meat counter I saw some ready made hamburgers so I decided to buy them for dinner. Then I remembered my mother always saying, "Hank, eat your vegetables," so I bought green beans on sale. They were six cans for the regular price of four. I was quite sure that even an "old hand" at shopping couldn't have done better.

As I passed the produce department I picked up a head of cabbage for salad making.

On my way to the check-out I passed the bakery. I was hungry and everything looked so good. I grabbed several packages and hurried through the rest of the store. I spent a little more money than I planned, but figured it was money well-spent.

As I started fixing dinner, I quickly realized I had forgotten a few things. I had nothing to drink, but that was a small matter; I could drink water.

As the hamburgers were cooking, I started the salad. It was then I realized I bought cabbage instead of lettuce! Oh, well, no harm done, forget the salad and open

a vegetable. I opened the green beans and heated them. I didn't really like green beans as much as I liked corn, but they were such a bargain.

Somehow I got through the meal, but it wasn't the feast I imagined. At least I had a large selection of desserts to choose from.

By the end of the week I realized I hadn't done as well as I thought when it came to grocery shopping. I had to return to the store every day to pick up things I had forgotten in order to fix my meals.

My mother was right, I did need a few helpful hints on shopping; so I gave her a call and she came right over.

First of all, she told me never to go to the grocery store when I was hungry, because I would spend more on junk foods.

We made a grocery list and clipped coupons from the newspaper. I learned to buy only what was on my list. Another important thing I learned was to avoid convenience foods, such as prepared dinners. I can buy the ingredients and make my own meals for less money.

Sometimes sales on food aren't really practical, such as buying large quantities of foods that I don't really care for. Buying several loaves of bread is a good idea if a person has a freezer to keep the bread fresh.

Comparing prices is also an important part of shopping. I had never thought of comparing prices or looking closely at the ingredients on the packages. Sometimes store brands are cheaper than brand names and are packaged at the same factory. Also, manufacturers are required to list ingredients on the label in order according to the weight of each ingredient. For instance, the cereal I bought was mostly sugar according to the information on the package. Now I'm eating cereal which is not sugar coated.

All of the things I've learned about shopping are simple, yet have saved me time and money. I hope others can benefit from my experience.

ACTIVITIES

NEW WORDS

aisle	grocery	boldly	hungry	cart
practical	coupons	soothe	dessert	stale

I. Mark T for true, F for false.

- ___ 1. Another word for grocery store is supermarket.
- ___ 2. The man in the story thought shopping was hard.
- ___ 3. He had steak for his first dinner in his new home.
- ___ 4. He moved into a mobile home.
- ___ 5. Spinach was the vegetable on sale.
- ___ 6. The produce department is the place to buy meat.
- ___ 7. He went to the store daily to buy things he had forgotten.
- ___ 8. A person should never go grocery shopping while hungry.

II. Complete the following sentences.

1. I boldly walked into the market and grabbed a _____.
2. I was beginning to get _____.
3. I quickly _____ I had forgotten a few things.
4. I decided to make a _____.
5. We made a _____
and _____
from the newspaper.

III. Make your own sentences using the following words.

loaves	convenience	grocery
hungry	produce	freezer

IV. Match each word or words with the closest meaning.

A	B
___ list	a. shun
___ meal	b. make ready
___ avoid	c. not fresh
___ stale	d. itemize
___ prepare	e. dinner

V. List five shopping tips you would use from the story.

1. _____

2. _____

3. _____

4. _____

5. _____

FOOD SHOPPING

VI. List any other shopping hints you use when grocery shopping.

1. _____
2. _____
3. _____
4. _____

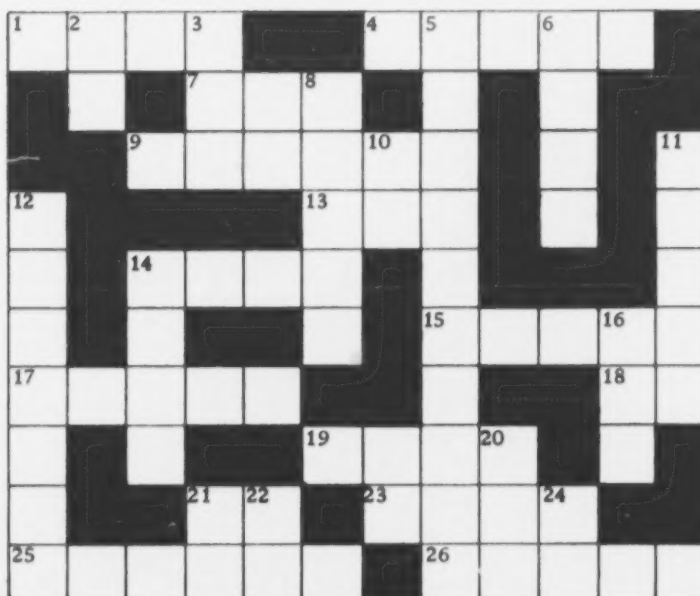
V. In the following examples which item would be a better buy.

1. Four one-quart bottles of pop for \$1.00 or a gallon jug for \$1.09?

2. A 16 oz. loaf of bread for 65¢ or a two pound size for 95¢?

3. Five pounds of potatoes for 59¢ or a two-pound bag of frozen french fries for 39¢?

4. Round steak for 99¢ a pound or chicken livers at 59¢ a pound?



FOOD SHOPPING

ACROSS

- | | |
|-----------------------------|-----------------------------------|
| 1. another word for store | 2. a pronoun |
| 4. place to bake bread | 3. _____ and pan |
| 7. opposite of on | 5. beans, corn, etc. |
| 9. tough | 6. cashews, almonds, etc. |
| 13. kind of bread | 8. eating tool |
| 14. man's name | 10. abbreviation for New York |
| 15. corridor | 11. H ₂ O |
| 17. builder of the ARK | 12. bar of worktable |
| 18. else | 14. dinner |
| 19. at a bargain | 16. large amount |
| 21. abbreviation for mister | 20. consume |
| 23. hamburger, steak, etc. | 21. 12th letter of Greek alphabet |
| 25. take back | 22. abbreviation for railroad |
| 26. grocery _____ | 24. in the direction of |

CLOTHING

VOCABULARY

annual

austerity

durable

fads

improved

inflation

material

seam allowance

sweater

temporary

workmanship

wrinkle



It was three o'clock in the afternoon. Carolyn Butler just got off the school bus. She walked into the house and called, "Mom, I'm home."

"Good," Mrs. Butler answered. "What's New?"

"Nothing much," Carolyn said, "but here's a note from my school."

Mother read, "Because of rising costs and inflation, it is necessary that our schools go on a temporary austerity program. We will be keeping a careful watch on all spending."

That night when Tom Butler came home from work he told his wife that his plant will be closed for two weeks because of a gas shortage.

Tom said, "It's going to be rough with no paycheck."

Susan Butler said, "Well, Tom, I guess we will have to go on our own austerity program. From now on, we will have to give careful thought to everything we buy. There must be many ways we can improve on buying habits."

"Mother," Carolyn said, "You know the sweater you bought me on sale. I love it, but I don't think we really made a good buy, because the label says 'dry clean only.'"

"Yes, Carolyn, I should have checked the label; sometimes buying on sale is not really a savings. Dry cleaning cost can add up. Another way to get a good buy is to check the workmanship of an article before buying. Remember, your Cousin Cindy's new blouse. It fell apart the first time it was washed. Aunt Kathy was right to take it back to the store."

CLOTHING

"Tom," Susan said, "You'll soon be needing a new winter jacket. I'm sure we can get a real good buy on one if you can wait until the annual coat sale, just after Christmas."

"Well, we're trying to improve our spending habits, aren't we," said Tom. "I'm sure I can find a coat I like then."

"I noticed that I have been putting on a few pounds lately," said Susan. "What a surprise I had when I found my slacks had seams that could not be let out. Since I have some material I think I'll save myself some money by making myself a new pair. The next time I buy slacks, I will check to see that they have a good seam allowance."

"I know we all have needs and desires when it comes to clothes," said Tom, "but when times are tough a family has to take a good hard look at the way it spends its clothing dollar. We can't always follow all the latest fads and style changes. I think we are going to buy clothing more wisely in the future."

ACTIVITIES

I. Check the statements that are true.

- ☐ 1. White sales mean that the store is selling sheets, towels, blankets, etc.
- ☐ 2. If you know your size it isn't necessary to try on clothes before buying them.
- ☐ 3. Plaids and stripes should match everywhere on the garment.
- ☐ 4. White sales always mean you are really getting a good buy on sheets and blankets.
- ☐ 5. You can make good purchases from well known catalogues.
- ☐ 6. Never pass shoes from one child to another.
- ☐ 7. Style is more important than comfort.
- ☐ 8. The bargain basement may carry designer clothes as well as seconds.
- ☐ 9. "Seconds" can be a good bargain.
- ☐ 10. Most expensive always means quality.

II. Find the words whose meanings are similar.

- | | |
|-------------------------------------|-----------------|
| ☐ garments | a. lasting |
| ☐ frills | b. book |
| ☐ durable | c. tennis shoes |
| ☐ bargain | d. clothes |
| ☐ seamstress | e. fancy |
| ☐ sneakers | f. a low price |
| ☐ catalog | g. one who sews |

CLOTHING

III. Using this list of words, fill in the blanks.

overspend

rest

hems

workmanship

off season

uniform

wrinkle

fads

1. Check the _____ of an article before buying.
2. Buy clothes during the " _____."
3. Sizes are not always _____.
4. Shoes will last longer if given a day's _____ between wearing.
5. Stay away from " _____."
6. Be careful not to _____.
7. _____ should be neat with enough material to be let down.
8. Buy clothes that are durable and don't _____ easily.

IV. Write these sentences.

1. Do not purchase shoes that are too tight. _____
2. Shoes should not have to be "broken in." _____
3. Shoes should be bought to fit the larger foot. _____
4. Platform shoes are dangerous to feet. _____
5. Buy shoes in the afternoon when feet are larger. _____

CLOTHING

V. Turn these word jumbles into sentences.

1. sale. on Buy _____.
2. you spend. before Think _____.
- _____.
3. fads. follow Don't _____.
4. Look bargains. for _____.
5. stripes and Match plaids. _____.

VI. Fill in the missing letters of these words.

- | | |
|--------------------|-----------------|
| 1. clo __ es | 7. wri __ le |
| 2. s _ le | 8. plai _ s |
| 3. sp __ d | 9. barg _ _ _ s |
| 4. inf __ tion | 10. sty _ _ |
| 5. work _ _ _ ship | 11. sh _ _ ts |
| 6. f _ ds | 12. care _ _ l |

BUYING AND REPAIRING CARS

VOCABULARY

ball joints

customer

dealer

dependable

door sills

estimate

gauges

ignition

licensed

mechanics

repairs

ripple

rocker panels

shock absorbers



Barbara was happy. She had been trying to make it on her own for a long time. After graduation from high school, she found a job and left home to live in her own apartment. She had a good job in a nearby factory. She had bought furniture for her apartment and managed to make the payments on a used car she had bought to get her back and forth to work. Her car - what a lemon! That was her first experience buying a car. Her father wanted to go with her, but she was independent and would do it herself.

Her first mistake was going to a dealer who just sold used cars. Although the used car dealer had a lot of cars, she didn't realize they were probably cars which could not be sold by a new car dealer and had been bought at an auto auction. The salesman did not know who owned the car before and could only tell her names of service shops if it needed to be repaired.

Repairs it needed! After selling her that car she wasn't going to take the salesman's advice about repair shops. She asked Mike, who worked with her, where he had his auto repairs done. He told her the name of a good shop whose mechanics were licensed. He took Barbara to the shop. He told her what to look for in a good repair shop. When they talked to the mechanic, he told Barbara what needed to be repaired and gave her a written estimate that listed parts and labor. For the customer's safety the shop would not allow them to stay and watch, but the mechanic was willing to answer any questions. Mike told her that this garage provided customers with a car if the repairs took longer than expected. When Barbara went to pick up her car, the mechanic gave her the old parts he had replaced.

Barbara asked Mike where he learned about cars. He told her he had taken a class in auto mechanics which the local high school offered in their adult night school.

Several months passed and Barbara decided to

BUYING AND REPAIRING CARS

trade in her car for a better one. This time she asked Mike if he would help her find a good used car. He told her to ask her friends and relatives if they had a car they wanted to sell.

There wasn't any, so Mike took her to a dealer who sold new as well as used cars. The first thing Mike did was to check the outside of the car. He looked for ripples or paint that didn't match. This would tell if the car had been wrecked and repaired. He checked for rust spots. Then he looked at the door sills, rocker panels, behind the bumpers and lower fender areas. He looked in the trunk for a spare tire and a jack.

Mike then inspected the inside, checking the seats, carpet and under the floor mat. He tried the door locks and window handles. He played the radio, tried the windshield wipers and washers, honked the horn and tested the heat fan and air conditioner. He started the ignition by turning the key, but didn't start the car.

By doing this he could see if the gauges and warning lights worked. Then he started the car to see if the warning lights went out. Brakes are important so Mike checked them by slowly pushing in on the brake pedal and counting to 25. If the pedal still declined he knew repairs would be needed soon.

Mike showed Barbara how to check wheel bearings and ball joints by holding the top of the wheel and pulling towards her. There shouldn't be a lot of play. Shock absorbers can be tested by pushing down on each corner of the car and then releasing. If the car continues to bounce it probably has worn shocks. Finally Mike and Barbara test drove the car. They noticed if the engine ran smoothly, if the brakes grabbed, if the transmission shifted properly and if the car steered easily.

Mike told her to consider buying this car, but first ask the car salesman to check the "blue book" which would tell the estimated value of the car.

Another good point about buying a used car from a new car dealer is if repairs are needed his service shop is dependable.

ACTIVITIES

I. List the vocabulary words in alphabetical order.

- | | |
|----------|-----------|
| 1. _____ | 8. _____ |
| 2. _____ | 9. _____ |
| 3. _____ | 10. _____ |
| 4. _____ | 11. _____ |
| 5. _____ | 12. _____ |
| 6. _____ | 13. _____ |
| 7. _____ | 14. _____ |

BUYING AND REPAIRING CARS

II. List five areas to inspect before buying a used car.

- 1.
- 2.
- 3.
- 4.
- 5.

III. List 3 places to buy a used car.

- 1.
- 2.
- 3.

IV. True or False

- ___ 1. A good repair shop always gives a written estimate.
- ___ 2. It is a good idea to have at least two estimates if your car needs major repairs.
- ___ 3. Do not ask the mechanic for the damaged parts because he throws them away.
- ___ 4. The "blue book" is a list of all licensed mechanics.
- ___ 5. If a car is in good shape you do not need to test drive it.

V. Find these new words in the puzzle. Look forward, backward, up, down, diagonally.

dealer	rocker panels	repairs	gauges
licensed	joints	estimate	absorbers
customer	dependable	ripple	sills

A Y A S G A U G E S M S
R S B R F T C L D L O I
E L S I T V A E S F H L
M I O A T L A R S O T L
O C R P O L O T R S A S
T E B E E S T I M A T E
S N E R B O P A B G J I
U S R A T P S O T L O G
C E S L L T S T N I O J
P D D E P E N D A B L E
R O C K E R P A N E L S

BUYING AND REPAIRING CARS

VI. Multiple choice. Circle the correct answer.

1. Which of these dealers is better to buy a used car from?
 - a. one that sells only used cars.
 - b. one that sells both new and used cars.
 - c. one with highly advertised specials.

2. You are looking for a used car. The paint is good, but there are ripples. What might this mean?
 - a. the car has been wrecked and repaired.
 - b. the car was not made well.
 - c. don't be concerned because it's just a bad paint job.

3. If your car needs repairs take it to
 - a. a repair shop near your home.
 - b. a shop with licensed mechanics.
 - c. the service station where you buy gasoline.

4. Which person should you not ask to check a used car?
 - a. a mechanic.
 - b. a friend who knows about cars.
 - c. the dealer.

MAIL FRAUDS

VOCABULARY

Better Business Bureau

charity

C.O.D.

fraudulent

inspector

interview

invest

legitimate

merchandise

reputation

requests

"rip off"

schemes-swindles

sponsor

suspicious



"What's the matter, Mel, got a headache?" asked Sam as he passed through the back room of the Alexandria Post Office.

"No," said Mel quietly, "I am just thinking about all the 'rip off' schemes and swindles that people are getting involved with through the mail these days."

"I know what you mean," said Sam. "It doesn't help the reputation of the post office either."

Mel Sheffler has been the postal inspector in the large Alexandria Post Office for 17 years and is generally thought of as a hard worker. Lately he has become more and more concerned about the increasing amount of bad advertising that has been coming through the mail. The post office calls it fraudulent advertising, but it is commonly known as "rip offs".

"Sam," said Mel, "Do you remember the two girls that were in my office this morning, the blond and her friend?"

"Yea, why?" said Sam.

"Well, they are reporters for the school newspaper and they are coming back to interview me this afternoon about fraudulent mail advertising."

"I wish some blond would come and interview me," laughed Sam.

That afternoon the two girls returned to interview Mel. The interview began with Mel explaining that a lot of advertising business is conducted through the mail, and that most of it is legitimate. Some advertising practices, however, are bad and the post office has no way of knowing unless the people involved bring it to the postal inspector's attention.

The girls then wanted to know what kinds of advertising frauds come through the mail.

MAIL FRAUDS

"Well," said Mel, "they are usually in the form of 'free gifts' or 'get rich quick schemes'. These advertisements are usually based on the idea that you can gain a lot if you invest a little money. Some of the more common are:

Song writing - advertisement suggesting that a person write a song and send it to a company. The company will reply that the song is excellent and could make the "big time". The company then requests that the person send additional money so that the song can be pushed in the right direction.

Photo contests - requests for pictures of children that can be used in advertising. Company replies that the picture is very good and if additional money is sent, they can possibly sponsor the picture along - parents could make millions.

Weight reducing, body building, etc. - these advertisements appeal to people because of all the promises attached as to how different your life will be if you try their product or service.

Chain letters - these illegal advertisements require people to send out many copies of a letter they receive. They are to write their name on the bottom of the list and send money to the first person on the list. Chain letters sound as if they should work, but usually don't.

Charity through the mail - many letters are received asking for money donations to what sounds like a worthwhile cause. These usually play on people's sympathy. Always check these out with the Better Business Bureau.

Work while at home - advertisements that suggest you invest in a business at your home for a certain amount of money, they will set you up."

The girls were really amazed that all this happens everyday through the mail, and that new schemes are being discovered all the time.

Before the interview was over, Mel gave the girls the following advice to print in their paper:

If you receive an advertisement, mail order, or letter that looks suspicious, do not answer it - hold onto it, including the envelope, until you can get additional advice from friends, relatives, etc., or get in touch with a postal inspector (usually contacted through the post office or your mailman). If the item appears fraudulent, you may also want to notify the Better Business Bureau or the Federal Trade Commission. They should be located in the phone directory.

If you receive unordered merchandise that has not been sent C.O.D., you are entitled to keep it. If you decide to return the merchandise, it is not necessary to pay return postage unless the package has been opened.

ACTIVITIES

I. Write T for true and F for false.

- ___ 1. All advertising that comes through the mail is legitimate.
- ___ 2. The examples Mel gave the girls in the story are the only "rip off" schemes ever used in real life.

MAIL FRAUDS

- _____ 3. If you want advice about a company or business, you can contact the Better Business Bureau. The number of which is usually found in the phone book.
- _____ 4. Unordered merchandise which you receive through the mail can be returned without cost to you if it is unopened.
- _____ 5. Schemes, swindles, frauds, rackets and "rip offs" are all names for the same unlawful activities.

II. Fill in the blanks in the following sentences.

- 1. One way the Post Office can learn of bad mail advertising is by people bringing it to the _____
inspector's _____.
- 2. A common term for fraudulent mail advertising is _____.
- 3. Sam said that swindles and schemes which come through the mail don't help the _____ of the post office.
- 4. The two girls wanted to _____
Mel because they were _____
for the school _____.
- 5. _____ gave the girls good _____
to print in their paper.

III. Discussion questions. Can you find answers to these?

- 1. What is a chain letter and have you ever been a part of one?
- 2. Are there chain letters that involve things other than money?
Example: recipes, books, etc.
- 3. Can you think of any mail schemes that Mel did not describe to the girls?

MAIL FRAUDS

4. How do you think "rip off" companies, etc. get your name and address?
5. If you do not live in a city where there is a Better Business Bureau, and you received some suspicious looking mail, what could you do?
6. What are the chances that out of 212 million people in the United States, your song or your child's picture would be chosen, especially when you personally don't know the people with whom you are dealing?
7. What other types of frauds do you know about besides mail frauds?
Example: home improvement, investments, etc.

HOME IMPROVEMENT RACKET



VOCABULARY

acquainted

agreement

contract

improvement

incurred

labor

neighbors

reputable

schemes

On Tuesday morning Mrs. North decided that she had waited long enough before welcoming the newest family into the neighborhood. She set Wednesday morning aside and baked a cake to take as a welcome gift.

The next morning Mrs. North walked across the street and introduced herself. Their names were Fran and Roger Butler. They had a four year old son named Jeff.

Mrs. Butler found out that Roger was a salesman for an office supply company. His wife stayed home and cared for their young son. They were pleased to meet Mrs. North since they were new to the area and had no friends as yet. This was their first house and they were anxious to get settled in and make friends. They were also very proud of their new home and wanted to do all they could to make it one of the most attractive in the neighborhood.

While they were getting acquainted, the doorbell rang. Fran answered it and brought in a man who said he was from the Con-Art Home Improvement Company. He said they had chosen the Butler house as their model for the area. The man told Fran and Roger that all improvements made would cost them nothing. All they had to do was offer to show their house to their neighbors.

In order to take advantage of this offer, all that was needed was their signature on an agreement. He suggested they make their decision quickly because their company would have to find another house and the time lapse would cost the company money. He left the papers and said he would return in half an hour with the workmen.

Fran and Roger were delighted to be the ones chosen. The house did need a few minor repairs and would look wonderful with siding. It all sounded too good to be true.

Mrs. North could not help overhearing the conversation. She became alarmed, but did not know whether to offer advice or keep it to herself. Fran came in and asked Mrs. North if she had ever heard of such a wonderful offer. Mrs. North asked if she could share a story with Fran about a similar situation.

HOME IMPROVEMENT RACKET

Mrs. North began, "Last spring a good friend of mine named Eve Carlin was approached by a man with a similar story. He could repair Eve's house if she would agree to show it. Being a widow, and having arthritis meant that she had to hire someone to do many of the jobs her husband used to do. Eve thought this opportunity was the perfect solution."

"Eve," Mrs. North went on, "signed the papers and work was begun. A few weeks later she started receiving bills for the materials and labor costs. She even received bills for work that was not done."

"As you can imagine, Eve was very upset, so she notified her lawyer at once. He read the signed agreement and found that within the body of the agreement it stated that Eve would be responsible for all costs incurred."

"Although Eve was a victim of a dishonest company, she had to pay hundreds of dollars to learn a lesson. There were, according to her lawyer, several things Eve could have done to avoid this unpleasant situation."

Fran and Roger were worried now, too. They asked Mrs. North what could be done. First of all, Mrs. North told them not to sign any papers. They could also have a lawyer go over the agreement to see if there are any hidden phrases. Also, they could place a call to the nearest Better Business Bureau and ask them to check on the company's reputation. A reputable company surely wouldn't mind this checking process.

After a few minutes of discussion they placed a call to the Better Business Bureau. In a short time they found out that the company that approached them had a reputation for not dealing fairly.

Fran and Roger felt that they owed their new neighbor a great deal. They learned much in the last few hours. They would be very careful in the future of schemes to get something for nothing.

One more good thing happened as a result of this situation. The Butler's new neighbor became their first new friend.

ACTIVITIES

I. List the following words or phrases in alphabetical order.

con

repairs

contract

racket

guarantees

approach

schemes

comparison

swindler

- | | |
|----------|----------|
| 1. _____ | 6. _____ |
| 2. _____ | 7. _____ |
| 3. _____ | 8. _____ |
| 4. _____ | 9. _____ |
| 5. _____ | |

HOME IMPROVEMENT RACKET

II. Circle the word that does not belong in each group.

- | | | | |
|------------|----------|---------|----------|
| 1. home | abode | dollar | dwelling |
| 2. repair | break | restore | fix |
| 3. hero | swindler | cheater | hoaxer |
| 4. scheme | plan | idea | boat |
| 5. company | group | person | firm |

III. Write T for true and F for false.

- ___ 1. The Home Improvement Racket is not common.
- ___ 2. Fran and Roger were unhappy about the offer to make repairs on their home.
- ___ 3. Mrs. North was a nosy neighbor.
- ___ 4. Always deal with people you don't know.
- ___ 5. Check with the Better Business Bureau before signing a contract for repairs.
- ___ 6. Free repairs are usually a "good deal".
- ___ 7. Have in writing the exact specifications of what is to be done.
- ___ 8. "Con" men are smoothly prepared operators.
- ___ 9. Ask for names of other people who have had repairs done by the contractor.
- ___ 10. Door to door salesmen are always crooks.

IV. From the following list, fill in the sentences.

- | | |
|-----------|---------|
| offer | son |
| salesman | repairs |
| neighbors | alarmed |

- 1. Mrs. North went to visit her new _____.
- 2. Fran and Roger were parents of a _____.
- 3. Roger was a _____ for an office supply company.
- 4. Mrs. North became _____ when she heard the offer.
- 5. The _____ sounded too good to be true.
- 6. The Butler home was in need of minor _____.

HOME IMPROVEMENT RACKET

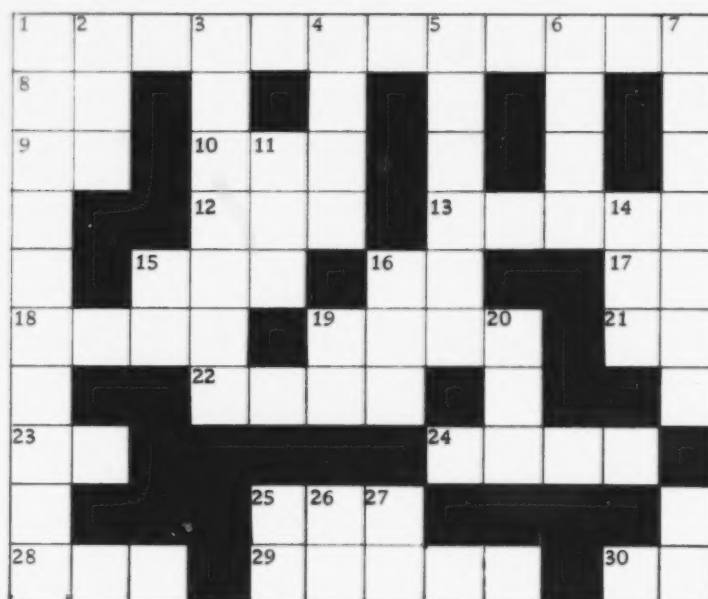
V. Match the words in column A with a word in column B which means the same.

A	B
___ improvement	a. price
___ alarmed	b. contract
___ cost	c. repairs
___ agreement	d. frightened
___ solution	e. answer

VI. Answer the following questions.

1. Have you ever been approached by a company in this way?
2. How would you handle the situation if it were presented to you?
3. What are some questions you would ask of such a representative?

VII. Crossword Puzzle

ACROSS

1. a better condition
8. abbreviation for Transit Authority
9. opposite of out
10. a golf score
12. some
13. Inn
15. to fasten
16. as stated
17. 16th letter of Greek alphabet
18. the back part
19. offered price at auction
21. adjective
22. _____ and water
23. answer which should be given if asked to sign a contract immediately
24. stamp to show ownership
25. opposite of on
28. total
29. dishonest dealing
30. the same _____.

DOWN

1. people who travel place to place
2. a male
3. needed to restore
4. make different
5. way of doing something
6. _____ and clean
7. promoting sale of
11. girl's name
14. Environmental Protection Agency
16. small mouthful of liquid
19. Bachelor of Arts - abbreviation
20. look at
25. a preposition
26. abbreviation for father
27. part of musical scale



VOCABULARY

advertisements

advice

balancing

bargain

consumer

demonstration

elevator

emergency

janitor

lawyer

mounting

opinion

original

I left my lawyer's office and went down the hall to get the elevator. While I waited for the elevator, I thought about the talk I had with him. There wasn't anything I could do, but he did give me some good advice. Just then the elevator stopped and I got on with a young woman, her husband, and an older gentleman. We started going down and had almost reached the first floor when the elevator stopped. We were between floors! I pressed the emergency button. Soon we could hear the janitor of the building telling us to relax and he'd have us down in a few minutes.

Everyone remained calm. To pass the time I thought I'd tell them my story.

"It sure hasn't been a good day for me," I began. "I have just been to see a friend of mine who is a lawyer. I wanted to ask his advice about an advertisement in the newspaper. Some tires were advertised for a good price, yet when I went to the store to look at them, I found that the only tires on sale were for a small wheel. The price in the paper did not include tax, mounting or balancing. Also I needed to have a trade-in which they didn't mention in the paper either. I asked my lawyer if I could get the tire I wanted for the price advertised in the paper. He said I couldn't. Since there is a lot of misleading advertising, I must look at ads carefully."

"That sounds familiar," said the young woman. "I bought a record that I heard advertised on television. It sounded just like the original artists sang the songs. When I played it at home, I found it was not the original artists who performed the record."

"What makes me mad," said the young woman's husband, "is that stores will advertise a bargain, but when you go to buy the product they are out of it. I have even gone the same day the advertisement appears in the paper and have been told the product is sold out."

"Have you ever thought about cigarette advertisements in magazines and on billboards," said the other man. "The advertisements show fresh outdoor scenes with healthy men and women. They never show smoke-filled rooms and people with breathing problems."

We all agreed that some advertising can be

MISREPRESENTATIVE ADVERTISING

misleading, but what can be done about it? I told them the advice my lawyer gave me when buying any product. Check and know how much the item you are buying should cost. Name brands usually are the best buy because they stand more to lose if falsely advertised. Ask the opinion of someone who has already purchased the product. Read advertisements carefully. Before buying a product ask for a demonstration. Be sure the store will stand behind the product after you have bought it. Also it is a good idea to read consumer magazines.

The elevator began moving and soon we reached the first floor. The janitor was waiting when the door opened with an apology for making us wait so long.

The young woman told him, "The wait was not long at all. You'd be surprised what you can learn stuck between floors in an elevator."

ACTIVITIES

I. Fill in the blanks with your new vocabulary words.

1. To go from floor to floor in a building you can use an _____.
2. A lawyer gave me good _____.
3. There are many _____
in the newspaper.
4. A _____ magazine helps us to buy
the best products.
5. Before buying a product ask for a _____.
6. The person who takes care of a building is called the _____.
7. Ask the _____ of someone who
has bought the product.
8. If you get stuck in an elevator push the _____
button.
9. The record I bought was not sung by the _____
artists.
10. Good shoppers look for a _____.

MISREPRESENTATIVE ADVERTISING

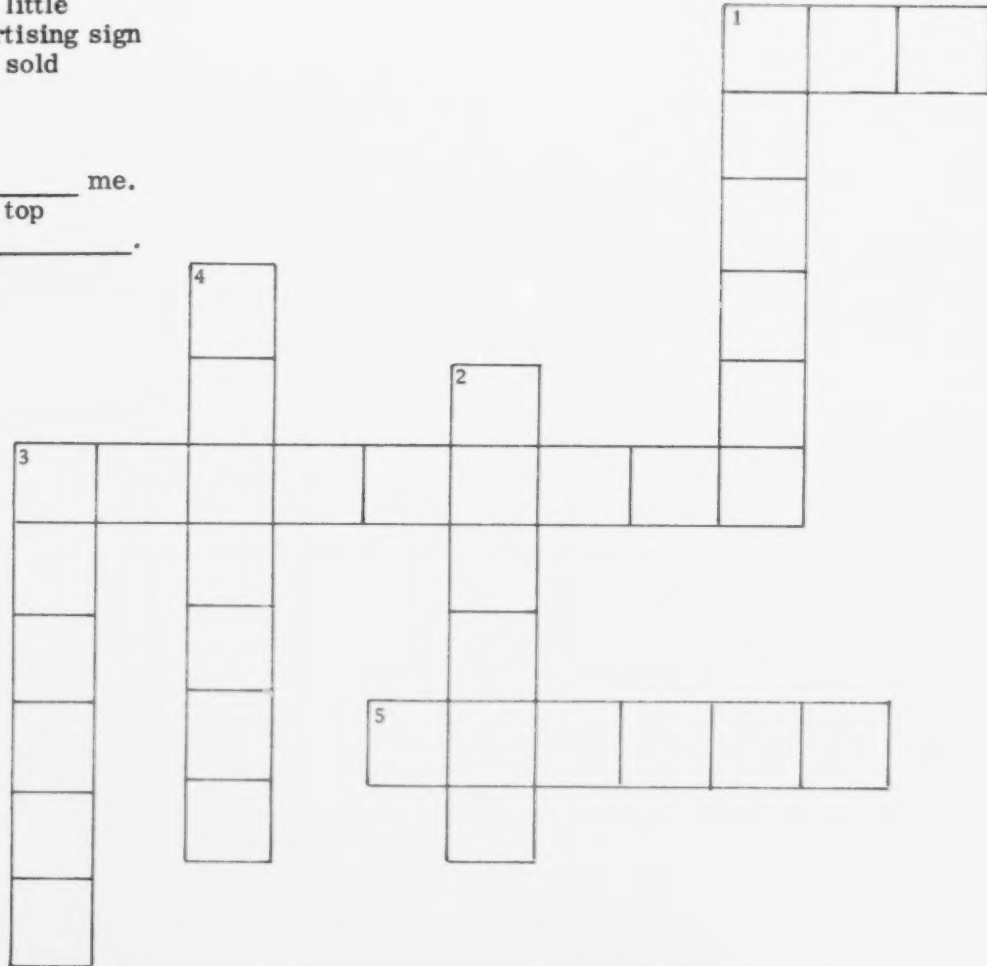
II. A "B" puzzle. All words in this puzzle begin with the letter "B" and can be found in the story.

ACROSS

1. opposite of little
3. large advertising sign
5. opposite of sold

DOWN

1. stand _____ me.
2. opposite of top
3. buy name _____.
4. to be equal



III. Suffixes are endings that are added to words. Some suffixes are s, ed, er, ing and ly. Find words in the story with these suffixes.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

CONSUMER COMPLAINTS

VOCABULARY

complaint

description

executive

fairly

include

installation

manager

manufacturer

original

perform

products

promptly

purchased

replacement

satisfaction

services



Paul and Jack ride to work everyday in the same car pool. It takes them about half an hour to get home, so they have time to talk.

Paul told Jack about a problem he had been having with the washer he and his wife had purchased several months ago. He really didn't feel it was performing as well as it should. He talked with the salesman who had sold it to them, but received very little satisfaction.

"I don't know what to do next," said Paul.

"Why don't you write a letter to the manufacturer?" answered Jack.

"Do you really think it would do any good?" said Paul.

"Yes," Jack said, "My wife, Jenny, and I have written several letters of complaint about products and services. However, we wrote to top management only after we did not get results from a lower level such as a salesman or store manager.

We were having trouble with a new vacuum cleaner. It was made by a well known company. After they received our letter with a brief description of the problem, they quickly sent a representative to correct it.

Another time we purchased a new television. It was in the shop being repaired so often that Jenny and I soon decided we had purchased a lemon. The television was made by a reputable company. The next time we had to take it in to be fixed we handed the salesman a letter stating how many times the television had had to be fixed, the original price, and that we expected a replacement. This time the salesman took a brand new television out of the box and gave it to us. He said he would like to keep our letter so he could forward it to the company.

You know, Paul, if you have trouble with services,

CONSUMER COMPLAINTS

a letter to the right person can also get results. Once a telephone installer refused to install a phone where Jenny and I wanted it. Instead he put it near the television. You can imagine how hard it was to hear the person on the other end of the phone. Well, we put up with the noise for several years. Finally, we couldn't stand it any longer. After checking around we found we could have had the phone installed where we originally wanted it. The new installation cost would be \$20, but since the first installer did not treat us fairly we felt we should not be charged this fee. A letter to a phone company executive soon brought us a credit of \$20. Of course, you should complain promptly for best results."

"Gosh, Jack," said Paul, "I guess most companies do care about their products. I think I'll go home and write a letter."

"Don't forget to include your name and address," said Jack. "Some people don't get action from their letters because the company can't find them."

"See you tomorrow and good luck."

When writing a letter of complaint a student should consider the following steps:

1. Complain promptly.
2. Direct the complaint to the right person.
3. Be specific - mention names, dates, times and prices.
4. Don't be insulting or threatening.
5. State what you expect to be done.
6. Keep copies of all records.
7. If one letter isn't enough, write another.

When writing a letter of complaint include as much of the following information as possible.

1. Date, student's name, address and phone number.
2. Address, name, title, department, organization of the person to whom the student is writing.
3. Subject of the complaint, name of product, model number and year; briefly describe service or incident with specific information.
4. Information regarding purchase: place of purchase, price, date, sales slip, sales person's name and number, charge account number, and bill receipt.
5. Reason for complaint: billing error, defective product, product not delivered, warranty not honored, product performance failure, treatment by personnel.
6. Results expected: money refunded, repairs made, apology, compensation for inconvenience, adjustment or correction, other.
7. State previous action taken; specify names, dates, facts, results and lack of results.

ACTIVITIES

I. Read the following sentences and write T if the statement is true and F if it is false.

- ___ 1. A student may not always get results from a letter of complaint.
- ___ 2. Most companies care about their customers.
- ___ 3. Sometimes television stations help people get action.
- ___ 4. Go immediately to top management with a complaint.
- ___ 5. You must get an answer to a complaint when it is sent registered mail because it is the law.
- ___ 6. If you don't get an answer to your first letter you should not write another.

II. Match the meaning with the word.

- | | |
|--------------|--------------------------|
| a. refund | ___ grievance |
| b. complaint | ___ statement of charges |
| c. purchase | ___ guarantee |
| d. bill | ___ without delay |
| e. complete | ___ to pay back |
| f. warranty | ___ finished |
| g. promptly | ___ buy |

III. Divide these words into syllables.

- | | |
|----------------|---------------|
| 1. manager | 7. people |
| 2. installer | 8. fee |
| 3. replacement | 9. tomorrow |
| 4. letter | 10. company |
| 5. complain | 11. executive |
| 6. include | 12. result |

CONSUMER COMPLAINTS

IV. Write the opposite of each word on the line.

1. washer _____

7. into _____

2. little _____

8. promptly _____

3. ride _____

9. difficult _____

4. sold _____

10. wife _____

5. good _____

11. first _____

6. new _____

12. quickly _____

V. Write a short letter about a product or service about which you are dissatisfied.

GLOSSARY OF TERMS

- account - record of money paid out or received.
- acquainted - having become familiar with another person.
- advertisement - public notice about things or services that are sold.
- advice - opinion about what ought to be done.
- agreement - an arrangement between parties; a compact.
- aisle - passageway between counters in a store.
- annual - yearly; once a year.
- austerity - having strict spending rules; cutting back; living simply.
- bakery - a place where bread, cakes and pastries are made.
- balancing - to keep equal.
- ball joints - part of an automobile that keeps the tread of the tire flat on the road.
- bank - a business institution which receives money and in exchange lends money out.
- bargain - something bought cheap or offered at a low price.
- Better Business Bureau - source which can be contacted concerning a company's reputation.
- "bounce" - term given to a check which is sent back to the issuer by the bank as valueless.
- budget - a plan to save and spend expenditures for a certain period of time.
- cancelled - to make null; void.
- charge - to pay for.
- charity - a fund that helps give relief to the poor or needy.
- checkbook - a book registered to a person(s) which contains blank checks.
- C.O.D. - collect on delivery, you pay the postman.
- comparing - to present as similar or equal.
- complaint - expressing dissatisfaction.
- condensed - to reduce the volume of (a liquid) by removing water.
- conservative - careful.
- consumer - person who buys and uses food, clothing, services, etc.
- contract - an agreement between two or more parties, especially one that is written and enforceable by law.
- coupons - a ticket or printed advertisement which can be exchanged for reduced prices.
- credit - the ability to obtain things now with a signed contract to pay later.
- credit union - a group of at least 200 people who form an organization that can lend money to members and pay interest on savings.
- customer - person who shops and buys.
- dealer - person who buys and sells goods.
- debt - money owed.
- deductions - pertaining to paychecks, that which is deducted for certain taxes, social security and other benefits.
- demonstration - a public showing of the good points of a product or working of a machine.

GLOSSARY OF TERMS

dependable - something or someone that can be trusted.

deposit - money entrusted to a bank for safe keeping.

description - to give an account or picture in words.

dessert - a serving of fruits or sweets at the end of a meal.

door sills - upon opening the car door, the aluminum strip that holds the carpet down.

durable - lasting; not wearing out easily.

elevator - used to carry people or goods from one level to another.

emergency - sudden or unexpected happening that makes quick action necessary.

endorse - to write one's signature on the back of a check.

engaged - a promise to marry.

estimate - to judge the value of something.

executive - a person in charge of affairs.

expenses - costs, can usually be figured on a monthly basis.

fads - fashion or craze; something everyone does or wears for a time.

fairly - being treated honestly and justly.

forge - to write or copy with the intent to deceive.

fraudulent - being deceptive or not honest.

gauges - instruments in an automobile which measure the engine temperature, oil pressure, battery charge, etc.

goal - an aim that one tries to attain.

groceries - foods one buys in order to eat.

ignition - the part in a gasoline engine that ignites the fuel.

improved - made better.

include - to have everything necessary; not leaving anything out.

incurred - to become responsible as a result of one's own actions.

inexpensive - an item that does not cost much money.

inflation - caused when there are too many dollars chasing too few products.

ingredients - individual contents that make up a mixture.

inspector - person who "looks after" an operation to make sure it is O. K.

installation - to put into place and make ready for use.

installment loan - a loan with a set number of payments which include interest.

installment payments - successive payments for settlement of a debt.

interest - money charged a person for the right to use borrowed money.

interview - to ask questions of a person for a purpose.

invest - to put money into an idea or business.

janitor - person whose job it is to clean and take care of a building.

label - information attached to an article.

labor - term given to work for payments as opposed to work for profit.

lawyer - person trained in the law.

legitimate - legal; honest.

GLOSSARY OF TERMS

- licensed - legal written permission to do something.
- loan shark - an illegal lender of money who generally charges a high amount of interest.
- manageable - an amount of money a person can handle on a regular income basis.
- manager - the person who is in charge of the bank or savings in loan.
- manufacturer - a person or company whose business is making things.
- material - woven fabric; cloth.
- mechanic - person who is skilled in repairing cars.
- merchandise - goods that may be bought or sold.
- miscellaneous - expenses other than regular monthly bills.
- mounting tires - putting the tire on the wheel.
- neighbors - one who lives near or next to another.
- net - to earn as clear profit.
- opinion - belief or statement based on one's own judgment rather than certain knowledge.
- original - the first; new; done for the first time.
- passbook - a small book where savings are recorded.
- payee - person to whom money is paid.
- perform - to be in good work order.
- produce - anything grown in a garden or on a farm.
- products - anything made; result or outcome.
- promptly - without delay; ready and quick.
- purchased - to buy; something bought or earned.
- receipt - a written statement that money has been received.
- recreation - some form of play, relaxation, or amusement.
- register - written record sometimes in lists.
- regularly - putting money into a savings account weekly or monthly, etc.
- repairs - to restore in good condition.
- replacement - to get a working part or product for a non working product; a substitute.
- reputable - having a good reputation; honest; trustworthy.
- reputation - record of past business dealings.
- request - to ask for something.
- required - something that is necessary or demanded.
- retirement - a status of life where one is no longer working at their profession or job.
- "rip off" - common term for a bad deal; being taken.
- ripple - tiny waves in the painted surface of a repaired car.
- rocker panels - body part under the car door that runs from the front fender to the back fender.
- satisfaction - to be happy with; contentment.
- schemes - swindles; deliberate practices in order to gain something.

GLOSSARY OF TERMS

seam allowance - 5/8" of fabric left inside garment after seam has been sewn.

services - giving assistance by putting something back in good working order.

shock absorbers - four parts on a car that help make the ride smoother.

shop - a store where merchandise is sold; to look for merchandise to buy.

signature - a person's name written by that person.

small loan company - a place where small amounts of money may be borrowed. Interest charged is usually higher than at a bank.

sponsor - person or company that stands behind a product.

suspicious - not fully trusting.

sweater - knitted or crocheted garment for the upper part of the body.

take-home pay - the amount of money on a paycheck after taxes, F.I.C.A. and other deductions have been taken out.

teller - a bank cashier.

temporary - for a short time; not permanent.

two-party checks - check written from one person to another then cashed by the second party. Two party checks are difficult to cash unless the bank knows you.

utilities - gas, electric, oil, water and telephone are the most common; usually paid on a monthly basis.

utility bills - the cost of using utilities.

withdraw - taking money out of a savings account. You must have your pass-book to do so.

workmanship - quality of something made or done.

wrinkle - to crease or become creased; ridge or fold on the surface of a dress or garment.

CONSUMER ECONOMICS

ANSWER KEY

OPENING A CHECKING ACCOUNT

- | | | | |
|---|---|--|---|
| I. Answers will vary | II. Answers will vary | | |
| III. Bank | IV. Check register | | |
| V. Answers will vary | VI. Answer will vary | | |
| VII. Blank endorsement
Full endorsement
Restricted endorsement | | | |
| VIII. James C. Morrison | <table border="0"> <tr> <td>Pay to the order of
John Doe
James C. Morrison</td> <td>For deposit only
Second Nat. Bank
James C. Morrison</td> </tr> </table> | Pay to the order of
John Doe
James C. Morrison | For deposit only
Second Nat. Bank
James C. Morrison |
| Pay to the order of
John Doe
James C. Morrison | For deposit only
Second Nat. Bank
James C. Morrison | | |
| IX. 1. T 6. T
2. T 7. T
3. F 8. T
4. T 9. T
5. F 10. T | <table border="0"> <tr> <td>X. 1. happy
2. teller
3. robbery</td> <td>4. deposits
5. account number
6. forge</td> </tr> </table> | X. 1. happy
2. teller
3. robbery | 4. deposits
5. account number
6. forge |
| X. 1. happy
2. teller
3. robbery | 4. deposits
5. account number
6. forge | | |
| XI. Answers will vary | | | |

SAVINGS ACCOUNTS

- | | | | | | | | | | | | |
|---|---|---------------------------------|----------------------------|----------------------------|-------------------------|------------------------------|----------------------------|-----------------------------|------------------------------|--------------------------|--------------------------|
| I. 5 open 6 regularly
4 saving 2 income
1 deposit 3 teller | II. 1. F 6. T
2. F 7. T
3. T 8. F
4. T 9. T
5. F 10. T | | | | | | | | | | |
| III. 1. passbook
2. signature card
3. savings bonds
4. loan
5. safety deposit
6. credit unions | <table border="0"> <tr> <td>IV. paycheck 2</td> <td>payroll 2</td> </tr> <tr> <td>account 2</td> <td>goal 1</td> </tr> <tr> <td>deduction 3</td> <td>monthly 2</td> </tr> <tr> <td>payments 2</td> <td>regularly 4</td> </tr> <tr> <td>bonds 1</td> <td>saved 1</td> </tr> </table> | IV. paycheck 2 | payroll 2 | account 2 | goal 1 | deduction 3 | monthly 2 | payments 2 | regularly 4 | bonds 1 | saved 1 |
| IV. paycheck 2 | payroll 2 | | | | | | | | | | |
| account 2 | goal 1 | | | | | | | | | | |
| deduction 3 | monthly 2 | | | | | | | | | | |
| payments 2 | regularly 4 | | | | | | | | | | |
| bonds 1 | saved 1 | | | | | | | | | | |

ANSWER KEY

BUDGETING MONEY

- I. Answers will vary
- II. Answers will vary
- III. Answers will vary
- IV. Answers will vary
- V. Answers will vary
- VI. 1. T
2. F
3. F
4. F
5. T
- VII. budget - spending plan
utility bills - expenses
goals - future plans
pay check - income

CREDIT AND WHERE TO GET IT

- I. 1. b
2. a
3. c
- II. 1. borrow
2. bank
3. more
4. an installment loan
5. more
- III. credit union
refrigerator
hundred
appliance
installment
interest
advice
borrow
- IV. Answers will vary

CREDIT BUYING - JUST HOW IT WORKS

- I. 1. installment
2. manageable
3. inexpensive
4. utility
5. conservative
- II. 1. cash - money
2. monthly - every month
3. debt - money owed
4. conservative - careful/low
5. miscellaneous - other kinds of things
- III. Most - \$100.00 Manageable - \$75.00 Conservative - \$50.00
Most - \$160.00 Manageable - \$120.00 Conservative - \$100.00
- IV. Answers will vary

FOOD SHOPPING

- I. 1. T 5. F
2. F 6. F
3. F 7. T
4. F 8. T

- II. 1. shopping cart
2. hungry
3. realized
4. salad
5. grocery list and clipped coupons

III. Answers will vary

- IV. d list
e meal
a avoid
c stale
b prepare

V. Answers will vary

VI. Answers will vary

- VII. 1. four one-quart bottles of pop 3. five pounds of potatoes for 59¢
2. two pound size for 95¢ 4. chicken livers at 59¢ a pound

VIII.



ANSWER KEY

CLOTHING

- I. 1. T 6. T
2. F 7. F
3. T 8. T
4. F 9. T
5. T 10. F

- II. d garments
e frills
a durable
f bargain
g seamstress
c sneakers
b catalog

- III. 1. workmanship 5. fads
2. off season 6. overspend
3. uniform 7. hems
4. rest 8. wrinkle

- IV. Answers will vary

- V. 1. Buy on sale.
2. Think before you spend.
3. Don't follow fads.
4. Look for bargains.
5. Match plaids and stripes.

- VI. 1. clothes
2. sale
3. spend
4. inflation
5. work m a n ship
6. fads
7. wrinkle
8. plaids
9. barga i n s
10. style
11. sheets
12. care f u l

CARS

- I. 1. absorbers 8. joints
2. customer 9. licensed
3. dealer 10. mechanics
4. dependable 11. repairs
5. estimate 12. ripple
6. gauges 13. rocker panels
7. ignition 14. sills

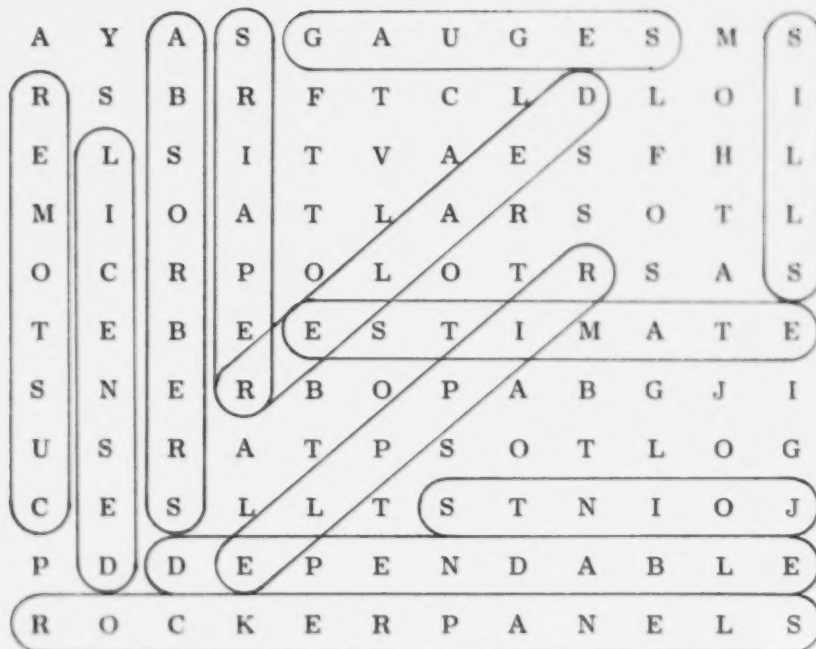
- II. 1. inside the car
2. outside the car
3. door sills
4. trunk
5. brakes

- III. 1. new car dealer
2. used car dealer
3. private owner

- IV. 1. T
2. T
3. F
4. F
5. F

CARS (Continued)

V.



- VI. 1. b
2. a
3. b
4. c

MAIL FRAUD

- I. 1. F
2. F
3. T
4. T
5. T

- II. 1. postal, attention
2. rip offs
3. reputation
4. interview, reporters, newspaper
5. Mel, advice

III. Answers will vary.

ANSWER KEY

HOME IMPROVEMENT RACKET

- I. 1. approach
2. comparison
3. con
4. contract
5. guarantees
6. racket
7. repairs
8. schemes
9. swindles

- II. 1. dollar
2. break
3. hero
4. boat
5. person

- III. 1. F
2. F
3. F
4. F
5. T
6. F
7. T
8. T
9. T
10. F

- IV. 1. neighbors
2. son
3. salesman
4. alarmed
5. offer
6. repairs

- V. c improvements
d alarmed
a cost
b agreement
e solution

VI. Answers will vary

VI.

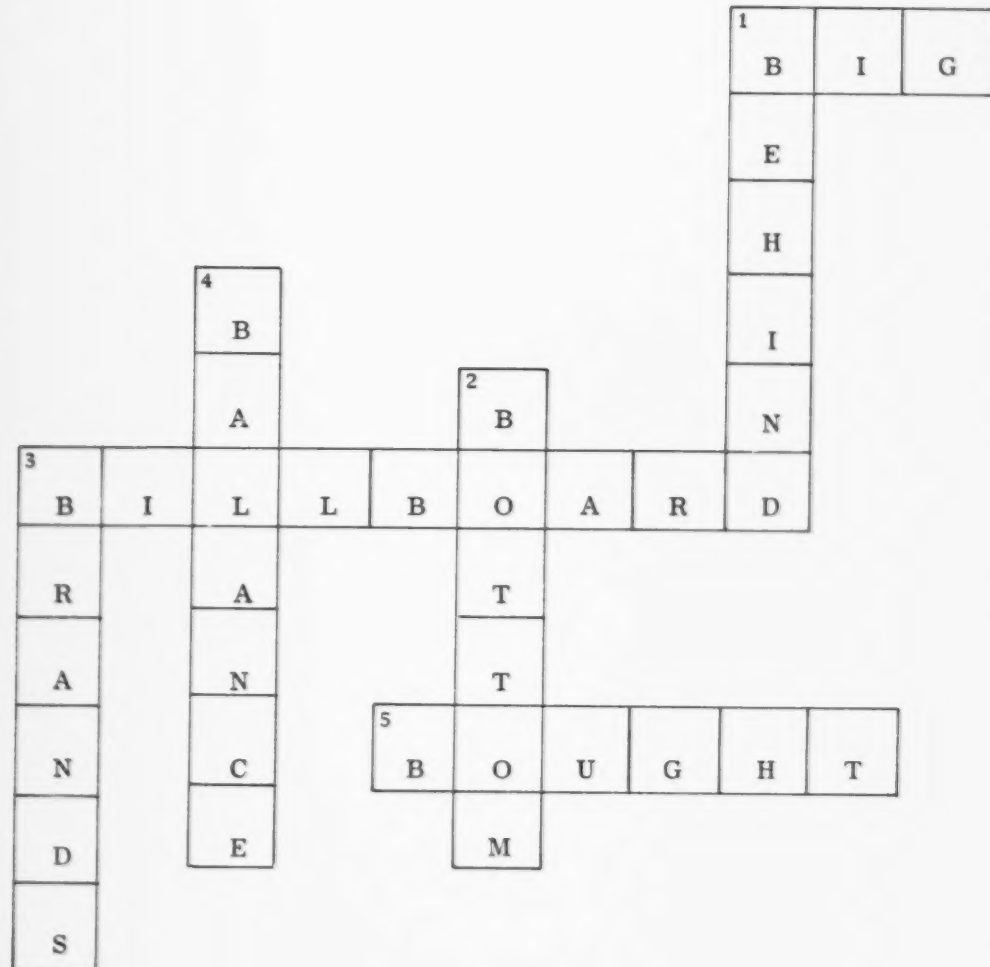


ANSWER KEY

MISREPRESENTATIVE ADVERTISING

- | | |
|-------------------|--------------|
| I. 1. elevator | 6. janitor |
| 2. advice | 7. opinion |
| 3. advertisements | 8. emergency |
| 4. consumer | 9. original |
| 5. demonstration | 10. bargain |

II.



III. Answers will vary

IV. Answers will vary

ANSWER KEY

CONSUMER COMPLAINTS

- I. 1. T 4. F
 2. T 5. T
 3. T 6. F

- III. 1. man/a/ger 7. peo/ple
 2. in/stal/ler 8. fee
 3. re/place/ment 9. to/mor/row
 4. let/ter 10. com/pa/ny
 5. com/plain 11. ex/e/cu/tive
 6. in/clude 12. re/sult

- IV. 1. dryer 7. out
 2. big 8. late
 3. walk 9. easy
 4. bought 10. husband
 5. bad 11. last
 6. old 12. slowly

V. Answers will vary

- II. b grievance
 d statement of charges
 f guarantee
 g without delay
 a to pay back
 e finished
 c buy

INTRODUCTION AND SUGGESTED USE

Project REAL - Relevant Education for Adult Learners - is the outgrowth of a concern expressed by the Adult Basic Education staff of Warren, Ohio, relating to the need for competency-based materials to assist adults in developing skills for everyday living.

Through a grant by the State of Ohio from the Adult Education Act, Section 309c, a demonstration project was funded for the purpose of developing instructional materials to help disadvantaged adults function independently and cope with the needs of our society.

One major objective was to ascertain the priorities for development through a needs assessment of our local community. A local advisory committee was organized, composed of members of industry, community agencies and ABE staff and students.

Based upon the input of this committee, a project team composed of teachers and aides developed teacher guidebooks and student activity books in the five Adult Performance Level (APL) areas.

This student activity book will provide exercises to develop adult competency education in the area of consumer economics. The lifelike situations and activities are geared toward adults with minimal reading skills.

Further, exercises may be found within the content of books listed on the scope and sequence materials grid at the back of each of the corresponding Project REAL Teacher guidebooks.

Suggested usage of new vocabulary includes:

- (1) the use of a dictionary or the glossary of terms found at the back of this activity book.
- (2) the writing of sentences or short personal experiences on the part of students.
- (3) oral expression of the newly acquainted words and terms.

We urge the "drawing out" of students expressions and feelings through informal small group discussions, debates or other sharing methods, focusing in on coping skill situations. We also encourage local ABE staff members to integrate materials and ideas contained within this workbook with community activities, resource people and real life demonstrations that will allow adults to function effectively.